W | FINANCIAL

JANUARY 27, 2026
W FINANCIAL FUND, LP
INVESTOR LETTER
Q4 2025

Re: W Financial Fund, LP — 4th Quarter 2025 Investor Update and Statement

Dear W Financial Investors,

All of us at W Financial would like to wish you and your families a very healthy, happy and prosperous new year!

2025 was a Standout Year for W:

2025 was an excellent year for W Financial Fund. We were pleased to be able to deliver an 11.14% compounded, fund-level, net return to our investors and, in fact, it was our best year since 2011, when the fund delivered an 11.91% compounded, fund-level, net return. In both 2011 and in 2025, the fund's outperformance can be credited to the successful resolution of defaulted loans, which were accretive to our earnings.

From our perspective, our 2025 results serve to reinforce our primary thesis, that even when a loan goes "sideways" and we need to foreclose or engage in a series of steps to successfully work out a problem, our diligent approach to loan analysis and underwriting helps to ensure that we will be in the best position to achieve a positive outcome for our investors.

In 2025, we successfully concluded the long-running saga of foreclosing on our five-building development site located at the corner of East 79th Street and Lexington Avenue in Manhattan, taking ownership of the properties, and then creating additional value by negotiating a lease termination agreement with the sole remaining commercial tenant (JP Morgan Chase). We then placed a sixth,

intervening property under contract, and sold the six-building package to a multi-billionaire luxury condominium developer for a total of $76 million dollars that closed on October 21st.

As a result of the East 79th Street sale, the fund generated a very strong 2.44% return in October, delivering an excellent payday for our investors, as reflected in your Q4 statements. With that sale now completed, we are pleased to move forward into 2026, focused on new opportunities, leaving East 79th Street behind in the rear-view mirror.

W Financial will soon begin its twenty-third year of successful operation and we are excited about our prospects for the future. We feel well-positioned to continue to deploy capital strategically and effectively, targeting desirable loan opportunities across the country.

Since our 2003 inception, we have originated more than $2.6 billion of loans, with 270 consecutive months of positive returns. Our lending team originated 46 new loans during 2025, totaling $199,090,000.

2025 K-1 Reporting:

A quick reminder about our upcoming K1 tax reporting: Each year, we receive lots of inquiries about when our K-1s will be issued. As always, this year we expect that **your 2025 K1 Tax Reporting forms will be available by the end of March 2026.**

Rollout of W Financial's Secure Investor Portal:

Note that during the month of January, we are starting to slowly roll out our Secure Investor Portal. The portal will require two-factor authentication. Over the next several weeks each investor will receive an email from Karen Mannoia with instructions and then a second email to create a unique password. Please do so at your earliest convenience. You can always reach out to Karen with any questions you may have on this. In late March, **your K1 will be uploaded to your personal portal, and that will be the fastest way for you to access your tax documents, account statements and quarterly letters going forward.**

Q4 and 2025 Portfolio Performance

In the fourth quarter, W Financial provided a 2.44% compounded, fund-level return in October, a .76% return in November, and a .65% return in December. **Our compounded, fund-level return was 11.14% for the year,** net of management and performance fees. December marked our 270th month of positive fund performance. Our 1, 3 and 5-year trailing net returns through December 31, 2025, were: **1-year: 11.14%, 3-year 9.39% and 5-year 8.40%.**

Since our 2003 inception through December 2025, W Financial has provided an average annual compounded, fund-level return of 9.03%, net of fees, and an average monthly return of .72%. Thus, $100,000 invested at our 2003 launch with distributions reinvested, grew to $673,483 as of December 31, 2025, resulting in a total return of 599.83%. Total investor capital in the fund (our closing capital balance for the year), was $373.59 million.

As of year-end our loan portfolio was comprised of 85 loans with an average loan size, net of participations, of $4,599,329. Our loan and investment portfolio totaled $412,053,400 as of the end of the year. Geographically, we ended the year with 41% of our loans in the New York Metropolitan area (which includes all of New York State, New Jersey and Connecticut), and approximately 59% in other markets nationwide. Loans in the five-boroughs of New York City comprised 21% of our total loan portfolio as of year-end.

We expect that the percentage of New York Metro and New York City loans in our portfolio will continue to decrease over time as we continue to originate more new loans in other markets across the country.

During 2025, 37 of W's loans were repaid in the normal course of business, and we also received partial paydowns on 15 other loans. Loan repayments for the year totaled $174,463,523.

We ended the year with all investor capital fully deployed, and with $28,800,000 drawn on our $125 million revolving line of credit, which helps us to optimize our cash management.

Successful Disposition of a Defaulted Loan Secured by 10 Norden Place, Norwalk, Connecticut:

On March 21, 2022, we closed a $12,500,000 first mortgage loan secured by a large, vacant industrial building suitable for use as a distribution/logistics center, situated on 32 acres of land located in Norwalk, Connecticut. The 615,000 square foot building is well-situated, being adjacent to Interstate I95.

In 2024 our borrower approached us wishing to subdivide the land and sell three acres to a plant nursery, which would reduce W Financial's collateral from 32 to 29 acres. We agreed subject to our borrower paying down our loan by $2,100,000, reducing our loan balance to $10,400,000.

In our July 2025 Q2 letter, we reported that our $10,400,000 first mortgage loan went into default.

After lengthy negotiations with the borrowers, we entered into a settlement agreement whereby we agreed to cooperate in a "friendly foreclosure". The borrowers were required to pay us $690,000 ($600,000 was a fee to W along with $90,000 to pay real estate taxes). The fact that the loan was personally guaranteed by both of the borrowers gave us additional leverage in the negotiations.

We simultaneously marketed the property through our contacts and found a buyer who wanted to partially owner-occupy the site. We signed an agreement with the buyer to purchase the note for $11,696,300 (consisting of the principal balance of $10,400,000 plus the difference being the interest we were owed, as well as a deferred origination fee). We received net proceeds of $11,666,300 thereby realizing a gain in the amount of $1,266,300, which will be treated as a long-term capital gain for tax purposes. Thus, in total we received $1,866,300 in income above and beyond our principal balance owed, providing our fund with a very favorable result for the profitable disposition of this defaulted loan.

New W Financial Loan Origination During Q4:

During Q4, W Financial provided seventeen new loans totaling $62,725,000. Loan highlights are provided below:

- a $1,400,000 first mortgage bridge loan to a repeat borrower on a residential condominium unit located in Fort Lauderdale, FL. The borrower needed the bridge loan to refinance the existing debt on the property and plans to repay the W Financial loan with a sale of the property.



FORT LAUDERDALE – FLORIDA

- a first mortgage bridge loan of $15,850,000 secured by a non-flagged, 74-key hotel located in Miami, Florida. The property also contains 38 residential units operating as long-term rentals. 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.



MIAMI – FLORIDA

- a first mortgage bridge loan of $3,000,000 secured by a partially occupied industrial warehouse in Farmingdale, Long Island, New York. The borrower needed the bridge loan to acquire the property. The borrower is a repeat client of W Financial and has previously executed the identical business plan successfully in the same market and repaid the W Financial loan. Upon stabilization of the property, the borrower plans to refinance with a conventional loan.

- a $8,300,000 first mortgage bridge loan secured by two fully occupied multifamily properties located in Bayonne, New Jersey. The borrower needed the bridge loan to acquire the properties in a timely manner and plans to repay the W Financial loan with an agency (i.e., Fannie Mae or Freddie Mac) loan.

- a $1,350,000 first mortgage bridge loan secured by a partially occupied retail property located in Danbury, Connecticut. The borrower needed the loan to acquire the property. The borrower plans to lease up the remaining vacant space and stabilize the property. Once stabilized, the borrower then plans to refinance the W Financial bridge loan with a conventional loan.

- a $2,500,000 first mortgage bridge loan collateralized by an occupied stand-alone Walgreens located in El Paso, Texas. The borrower needed the bridge loan to acquire the property and plans to repay the W Financial loan with a conventional loan.

- a $1,875,000 first mortgage bridge loan secured by a vacant industrial outdoor storage property located in Opa Locka, Florida. The borrower owned the property unencumbered of debt and needed the bridge loan to fund other business ventures. The borrower is a repeat client of W Financial and has successfully effectuated his business plans and repaid W Financial on prior loans.



FARMINGDALE – LONG ISLAND, NEW YORK



BAYONNE – NEW JERSEY



DANBURY – CONNECTICUT



EL PASO – TEXAS



OPA LOCKA– FLORIDA



STATESBORO– GEORGIA

- a $2,300,000 first mortgage bridge loan collateralized by two mostly occupied multifamily properties, with one located in Statesboro, and the other in Griffin, Georgia. The borrower owns both properties free and clear of debt and needed the bridge loan to acquire other assets. The borrower plans to repay the W Financial loan with a sale of the properties.

- a $3,250,000 first mortgage bridge loan on a vacant multifamily property located in Anderson, Indiana. The borrower required the bridge loan to acquire the property out of bankruptcy and needed to close expeditiously. The borrower plans to repay the W Financial loan with a sale of the property.

- a $1,950,000 first mortgage bridge loan on a residential condominium unit located in Edwards, Colorado. The borrower needed the bridge loan to acquire and renovate the property and plans to repay the W Financial loan with a conventional loan.

- a $5,500,000 first mortgage bridge loan secured by a partially occupied mixed-use property located in the East Williamsburg neighborhood of Brooklyn. The borrower needed the loan to refinance the existing debt on the property. The borrower plans to lease the remaining vacant space to stabilize the property.

- a $650,000 first mortgage bridge loan on a residential condominium unit located in the Murray Hill neighborhood of Manhattan. The borrower owned the property unencumbered of debt and needed the bridge loan to fund other business ventures.

- a $3,000,000 first mortgage bridge loan on a fully occupied multifamily property located in the Fort Greene neighborhood of Brooklyn. The borrower needed the loan to refinance his current mortgage. The borrower plans to repay the W Financial loan with a sale of the property.

- a $3,000,000 first mortgage bridge loan secured by an occupied industrial warehouse located in



ANDERSON– INDIANA



EDWARDS– COLORADO



EAST WILLIAMSBURG– BROOKLYN



MURRAY HILL– MANHATTAN

Farmingdale, Long Island, New York. The borrower needed the bridge loan to acquire the property and plans to repay the W Financial loan with a conventional loan. The borrower is a repeat client of W Financial and has successfully effectuated his business plans and repaid W Financial on his prior loans.

- a $2,600,000 additional funding on a development site located in the Design District of Miami, Florida. W Financial had previously provided a first mortgage of $10,000,000 in October 2023 and then additional funding of $4,300,000 in November 2024. The loans have been consolidated as a first mortgage of $16,900,000. The additional proceeds will be used in order to fund additional hard and soft costs. The borrower plans to repay the W Financial loan upon closing a construction loan.

- a $3,750,000 first mortgage bridge loan collateralized by an owner-occupied industrial warehouse located near Cincinnati, Ohio. The borrower needed the bridge loan to acquire the property expeditiously and plans to repay the W Financial loan with a conventional loan.

- a $2,450,000 first mortgage bridge loan secured by two properties: an owner-occupied cannabis cultivation warehouse located in Moorestown, New Jersey and a partially occupied mixed-use property in Browns Mills, New Jersey. The borrower required the bridge loan to acquire the property in Moorestown, and he owned the Browns Mills property unencumbered of debt and he agreed to include it as additional collateral for our loan. The borrower plans to repay W Financial's bridge loan by refinancing with a conventional mortgage.

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



FORT GREENE– BROOKLYN



FARMINGDALE– LONG ISLAND, NEW YORK



MIAMI– FLORIDA



BLUE ASH – OHIO



MOORESTOWN– NEW JERSEY

Notable Updates on REO (Real Estate Owned):

We are pleased to report that on November 3rd, we closed on the sale of apartment 7CE in The Marquand, located at 11 East 68th Street in Manhattan, for $2,950,000. Net proceeds were $2,765,323 and we realized a gain on this unit sale in the amount of $1,045,507. This was our second apartment sale.

To briefly recap, our original loan amount on the seven-unit package was $8,300,000, and after the borrower defaulted, we successfully negotiated a deed-in-lieu of foreclosure for the seven-unit package of occupied apartments.

In 2023, we sold one of the occupied units to the tenant for $1,500,000. We own five additional apartments which we intend to sell as they become vacant over time.

Updates on Loan Defaults:

129 West 46th Street – Times Square Area: ($17M loan)

On November 18th, the court approved our Motion for Summary Judgement, allowing us to schedule the foreclosure auction on January 14, 2026, for this 79-room hotel located in the Times Square area of Manhattan. In anticipation of the auction, we are now in discussions with two potential buyers to take over our position after the auction. One of the potential buyers owns a hotel on the same block.

There are also excess development rights that we are in discussions to sell to a third party. Overall, we are expecting a very positive outcome for W Financial.

53 East 67th Street – Upper East Side: ($9.8M loan)

This is a pre-war, 5-story 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 ~7,800 square foot property was being developed by an experienced townhome developer who was working to convert the building into a luxury, single-family townhome. It was intentionally left vacant in order to facilitate the renovation. In the interim, he had been paying his debt service out-of-pocket for an extended period of time while he shopped for a construction loan.

At the end of 2024, the borrower had been unable to find a construction loan and went into default. W subsequently executed a settlement agreement with the borrower, wherein he would agree to convey the property to W in exchange for releasing him from his personal guaranty.

We initially marketed the property with a firm that specializes in townhouse sales, but we were unhappy with their performance. We recently signed a new listing agreement with Compass, a premier Manhattan broker in this space, to sell the property.

We have had discussions with several brokers indicating that there has been a softening in the high-end townhouse market. As a result of this market feedback, we decided to write down the asset by $1,130,723 to $8,700,000. Compass is gearing up its marketing efforts and we will report on their progress in our Q1 letter.

548 West 28th Street, West Chelsea, Manhattan:

Our borrower on this $5,000,000 second mortgage bridge loan for a cash-flowing, mixed-use loft, art gallery property, just filed Chapter 11 to stop a foreclosure from the first mortgagee. The borrower is a long-term, repeat client of W Financial who had always honored his obligations, and had recently experienced some personal issues which caused him to stop paying the first mortgage. During this time, however, he had continued making our mortgage payments and had also been diligently marketing the property for sale with major real estate brokerage firm Avison Young. While our borrower plans to complete the sale of the property to this potential buyer within the bankruptcy court process, bankruptcy court presents additional risks and can potentially slow down the sales process. As a result, we felt it was appropriate to write down the loan in December by $2,354,510 to $2,645,490.

As a result of the above noted marketing efforts our borrower has executed a Letter of Intent with a buyer for enough sale proceeds to satisfy both the first and second mortgages. Here is a link to the property listing: avisonyoung.us. We will keep you posted on any developments as they unfold.

A Note about Capital Account Balances for Investors Receiving Distributions:

As noted and explained last April in our Q1 2025 letter, last March we reported an Unrealized Gain on your Q1 statements due to the increase in value for our East 79th Street property, While that mark up in value was reflected in our Q1 NAV (Net Asset Value), it was not distributed at that point in time (as prior to the actual closing of the sale, which occurred on October 21st, it would remain as an Unrealized Gain).

Following the October 21st sale of that property, those proceeds (now being a Realized Gain), were distributed as part of your Q4 distribution. As a result, Q4 distributions may exceed the income reported for the quarter, which can cause capital balances to appear lower at quarter-end. However, on a full-year basis, investors who receive distributions will generally see no net change in their capital balances, as the distribution represents value already recognized earlier in the year.

W Financial is Open for Existing and New Investors:

The fund remains open to both existing investors 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.

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: https://private.w-financial.com username: W-Private, password: delta14six.

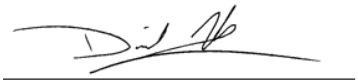
Contact Us

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.

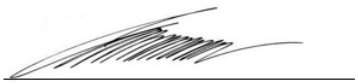
As a reminder, always feel free to call or email David Heiden at (516) 633-1424 | david@w-financial.com and Gregg Winter at (212) 532-9170 | gregg@w-financial.com with any questions that you may have about our investment activities, (including any questions about any of the content or real estate terminology 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 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.*