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rnapolitano@genwelcap.com

GenWel Capital, LLC
30 Braintree Hill Office Park
Suite 201
Braintree, MA 02184

Dear Partners,

It is with great pleasure that we present the results of the GenWel Private Lending fund for 2023, our first complete calendar year of operation! We are proud of the progress that was made this year and would like to thank you for partnering with our Fund. For Q4 2023, the Fund delivered an annualized IRR (Internal Rate of Return) of **11.35%,** closing 2023 with the same exact results for the entire calendar year. Our confidence is inspired by our underwriting process and cemented with conservative loan-to-value (LTV) ratios on underlying collateral as we carry that momentum into 2024.

During Q4 2023 we underwrote and funded **12 new loans**, and as of 12/31/23, we have a total loan balance of **$41,241,023.86** and a portfolio wide LTV of **54.9%,** further strengthening the security of your investment.

The real estate market displayed the same characteristics during Q4 2023 as it has for many prior periods. As such our behavior and strategy as Managers has remained constant. Headwinds created by runaway inflation and in turn the Federal Reserve (Fed) actions through 2022 and 2023 have been counteracted by a strong economy and a lack of housing inventory. Not all sectors of real-estate are immune, as large office space has a rather dismal outlook for 2024. We remain focused on multi-family housing with **84.8%** of the portfolio collateralized by residential properties, a market that has shown immense strength. Despite its positive outlook, attractive options for permanent financing in the residential space remain tough to secure, and banks are more stringent with their lending requirements than they were 18 months ago. As mentioned in prior letters, our cost of capital has increased substantially while our lending rates have only increased modestly. We are pleased to see that the Fed has held rates constant since July of 2023, allowing our lending rates to settle at an average of **12.5%** across the portfolio.

As of the beginning of February 2024, the market is expecting the Fed to begin loosening during the second half of this year. However, the Fed has been vocal in relaying their data dependence and their willingness to shift strategies if data warrants. That said, a decrease in interest rates would reduce our cost of capital, effectively lifting investor returns in the short-term.

During Q4 2023 we began utilizing a second line of credit with Customers bank. Customers has been an excellent partner and complement the existing line with Needham Bank. Both credit facilities are an integral part of our current management strategy and future Fund growth. In a tight credit environment, the addition of Customers Bank was imperative for our success. As of December 31, bank leverage made up approximately **49.3%** of the loan portfolio. As the Fund continues to grow, the impact of fixed overhead costs as they relate to a percentage of fund assets will decrease. We strive to enhance investor returns by growing the Fund and keeping the Fund open to new investors and additional investment from current subscribers.

The resilience of the greater Boston real estate market, increased borrower down payments, and our underwriting process all reinforce our confidence as lenders and asset managers. We are looking forward to another successful year together.

Thank you for your partnership.

Rob Napolitano
Fund Manager