



WFP Income Fund Announces a 3.48% Net Annualized Return through July 2020

August 3, 2020, Newport Beach, California - The WFP Income Fund, managed by Wilshire Finance Partners, paid investors a net annualized non-compounded return through July 31, 2020 of 3.48%. On a standalone basis, the fund paid 0.32% or a net annualized non-compounded return of 3.81% in July 2020. The net annualized compounded return for the fund since its inception on September 23, 2013 through July 31, 2020 was 8.61%.

As more fully described below, the May and June 2020 earnings were used to establish a specific reserve within the Loan Loss Reserve in the Fund and as a result the Fund did not distribute earnings in May and June 2020. That action increased the reserve against potential future losses and decreased the current distribution to investors in those periods and year-to-date.

The WFP Income Fund (the "WFP Income Fund") is a short term, fixed income alternative investment that seeks to protect the investor's principal while also providing attractive risk-adjusted returns. The WFP Income Fund is the sole holder of all common shares of WFP Income Fund REIT, LLC, a Delaware limited liability company (the "REIT" and collectively with the WFP Income Fund, the "Fund"). The WFP Income Fund, directly and indirectly through the REIT, invests in business purpose loans secured by first trust deeds and mortgages within the United States. The REIT was formed as a subsidiary of the WFP Income Fund in January 2019 to enable noncorporate investors to obtain up to a 20% tax deduction on REIT dividends received through the Fund under the Tax Cuts and Jobs Act of 2017.

The return obtained by the Fund was on an unlevered basis and was primarily the result of interest income received on the first trust deeds and mortgages in the Fund's portfolio.

Performance by the Numbers

As of July 31, 2020:

Net Annualized Non-Compounded Return:	3.48%*
Monthly Return (stand-alone basis):	0.32%
	(or 3.81% annualized)
Net Annualized Compounded Return (since inception):	8.61%
Weighted Average Loan-to-Value:	60.90%
Weighted Average Maturity:	25 months
Average Loan Size:	\$1,847,661



Non-Performing Loans:	1
Repayment Percentage:	16.67%
Liquidity / Cash Position:	25.76%
	(REIT liquidity percentage)

*Net of the allocation to the Loan Loss Reserve.

Loan Servicing Update

At month end, the Fund's portfolio consisted of loans secured in first lien position against residential, office, retail, light industrial, warehouse and senior assisted living properties, predominantly in the State of California. Other states represented in the Fund's loan portfolio at month end included Alabama, Colorado, Florida, Maryland, Michigan, Mississippi, North Carolina, Oregon, Texas and Washington.

As addressed below, the majority of the loans in the Fund's portfolio performed well throughout July and significant progress was made on several previously reported assets in the portfolio. That said, the effects of the COVID-19 pandemic continue to be felt around the globe. Therefore, the information in this release is based on the facts and circumstances Wilshire believed to be true as of date of this release. Because the environment continues to be dynamic and fast-paced, there may be other factors which surface later that may impact the Fund's performance. Changes in the facts and circumstances surrounding a borrower or a property may positively or negatively impact a loan or a property's performance resulting in a change in the method or approach used by Wilshire, as the manager of the Fund, and the Fund's results.

The following summary provides an overview of certain key metrics and actions occurring within the Fund's loan portfolio in July 2020:

Modification Agreements

Number of Loans	Percentage of Total Loans	Aggregate Loan Amount	Percentage of Assets	Original WALTV*	Current / Modified WALTV*	Status
4	13.33%	\$12,775,000	19.84%	64.27%	63.13%	Performing

*WALTV means Weighted Average Loan-to-Value

At month end, the number of loans in its portfolio that were modified as a result of the COVID-19 pandemic was reduced from five (5) loans to four (4) loans. One (1) loan that was previously modified was fully repaid as agreed in July 2020.

Under several of the remaining modification agreements the loan balances were increased to establish an interest reserve for such loans to make or subsidize the monthly mortgage payments in the near term. The weighted average loan-to-value (Current/Modified WALTV) on that subset of loans decreased to approximately 63% from the original weighted average loan-to-value (Original WALTV) of approximately 64% due to an increase in several of the underlying property values since the loans were originally made. All the remaining modified loans were performing as of July 31, 2020.



Forbearance Agreements

Number of Loans	Percentage of Total Loans	Aggregate Loan Amount	Percentage of Assets	Original WALTV*	Current / Modified WALTV*	Status
0	N/A	N/A	N/A	N/A	N/A	N/A

*WALTV means Weighted Average Loan-to-Value

In June 2020, the Fund approved a short sale under the loan to permit the borrower to enter into a contract to sell the property to a third-party purchaser in an arm's length transaction. The borrower completed the sale as of July 31, 2020 and the Fund received the full principal amount of the loan and a large portion of the interest due. The Fund waived the balance of the remaining interest and other sums.

As a result of the foregoing, the Fund did not have any loans under forbearance agreements as of July 31, 2020.

Loans in Foreclosure

Number of Loans	Percentage of Total Loans	Aggregate Loan Amount	Percentage of Assets	Original WALTV*	Current / Modified WALTV*	Status
1	3.23%	\$2,880,000	4.45%	62%	160%	Settlement Agreement Reached; Final Payment Pending

*WALTV means Weighted Average Loan-to-Value

In June 2020 a settlement agreement was reached in connection with the one (1) loan the Fund has in foreclosure. The loan is secured by a retail property near the University of Texas at Tyler (UT Tyler).

On July 31, 2020, the Fund was informed that the borrower had secured other financing and, subject to closing the other financing, the balance due under the settlement agreement would be received by the Fund on or before August 24, 2020.

The settlement agreement requires two payments: a first payment which was received on June 30, 2020, and a second and final payment which is due on or before August 24, 2020. If the borrower performs under the settlement agreement, the Fund will receive the full principal amount it is owed and a portion of the other amounts due in exchange for forgiving the remaining amounts due and releasing the borrower and guarantors from their obligations.

Although Wilshire was informed that the final payment under the settlement agreement will be made, until the payment is received counter-party risk remains under the settlement agreement. Should the borrower not perform under the settlement agreement, the right to foreclose against the property and



pursue the guarantors for any deficiency has been retained. Further, the Fund built a specific allocation within the Loan Loss Reserve in anticipation of a loss under the UT Tyler loan through an increase in the monthly accrual for the Loan Loss Reserve and suspending dividend distributions in May and June 2020.

Real Estate Owned (REO)

As of July 31, 2020, the Fund did not hold any real estate owned (REO) in its portfolio.

Loan Loss Reserve

Amount	Percentage of Total Assets	Percentage of Total Forbearance and Modification Agreements	Percentage of Total Loans in Foreclosure
\$1,209,217	1.88%	9.36%	41.99%

As a result of suspending the dividend distributions in May and June 2020 and increasing the monthly accrual, the Loan Loss Allowance in the Fund was substantially increased to create a buffer against potential losses within the Fund.

Wilshire will continue to assess the market and the adequacy of the reserves and dividend distributions on a move forward basis and may make further adjustments, which may include specific reserves against particular problem assets. That said, there can be no assurance that the present or future amount of the Loan Loss Reserves will be sufficient to cover any and all losses which the REIT and the Fund may experience.

Strategic Adjustments

Based on the positive indicators in the Fund's portfolio and taking into consideration the current operating environment, Wilshire has made the following adjustments:

- Loan Loss Reserves. The monthly accrual for the loan loss reserve in the Fund and the REIT was decreased to approximately 0.17% per month (or approximately 2% per annum).
- Monthly Dividends. The Fund has recommenced the distribution of dividends with the July 2020 dividend (paid in August 2020).

Wilshire will continue to assess the market and the adequacy of the reserves and dividend distributions on a move forward basis and may make further adjustments. After the current conditions have subsided and the real estate market has normalized, Wilshire may distribute excess reserves and loan recoveries, if any, to the then current investors in the Fund as a special dividend.

- Redemptions. While Wilshire believes the impact of the current environment on the Fund has not been fully realized, Wilshire also recognizes our investor's need for liquidity. After careful consideration, the modification on redemptions previously established will continue as follows:



- Generally. Redemption requests will be subject to the following limitations and restrictions:
 - Redemptions will be subject to a twenty percent (20%) holdback of the total amount requested; and
 - All requests will also remain subject to the requirements and restrictions in the operating documents of the Fund and the REIT; including, without limitation, restrictions required to maintain regulatory compliance, ensure a sufficient level of capital in the Fund, and strive for a level of stability in the Fund for all investors with those investors.
- Bona Fide Healthcare Emergencies. To the extent there is sufficient cash in the Fund and any such redemption will not cause the Fund to be out of compliance with the Fund's organizational documents, Wilshire will attempt to honor and accelerate requests for redemption arising from bona fide healthcare emergencies to the extent possible. Such investors will be required to provide a hardship letter together with documentation supporting their request.

The approach Wilshire is taking on redemptions is driven by the need to maintain compliance with a number of rules and regulations impacting the Fund, make prudent decisions within the portfolio of the Fund, and address the potential impact on all investors in the Fund. Wilshire will continue to assess and, as necessary, adjust the redemption restrictions on a weekly basis.

- Selective Opportunities. The Fund will continue to seek new loan opportunities. However, a more conservative approach will be taken in the current operating environment; including, assessing the market and the timing of new lending opportunities, avoiding certain asset classes, adjusting loan-to-values, being more selective on lending opportunities, and otherwise maintaining underwriting discipline. While past performance is not indicative of future results, Wilshire believes the Fund may be positioned to take advantage of additional lending and investment opportunities in the current market.

Prior Communications

Wilshire is taking and will continue to take proactive, protective measures to help the Fund weather the current market conditions, including, those described below. However, Wilshire cannot provide any representations or guarantees about how the current situation will impact the underlying investments in the Fund and therefore the Fund's performance. Therefore, Wilshire recommends that investors consider the information contained in this release as well as information contained in prior communications when making investment decisions. Prior communications from management about the potential impacts resulting from the COVID-19 fallout may be found at:

- <https://wfpfunds.com/income-fund/earnings-release/>



- <https://wfpfunds.com/coronavirus-covid-19-update/>

“We are pleased with the results that Wilshire’s internal team and external advisors were able to produce in July through the management of the Fund’s loan portfolio,” said Don Pelgrim, CEO of Wilshire Finance Partners. “Those actions resulted in the successful repayment of loans subject to modification and forbearance agreements without loss or damage to the principal investments in the Fund. Our team will continue to be proactive in this environment to help protect and preserve our investor’s principal investments in the Fund, while seeking to deliver strong risk-adjusted returns. To that end, we will continue to implement strategies, techniques, and approaches that we believe will help to address downside risk, generate current returns, and provide longer term benefits for investors in the Fund.”

For more information on Wilshire Finance Partners or the WFP Income Fund please call (866) 575-5070 or visit www.WilshireFP.com.

The WFP Income Fund is approved for both retirement and non-retirement accounts on the following alternative investment platforms:

- Charles Schwab; (SSID Number available through an Advisor)
- Fidelity Investments (National Financial Services or NFS); CUSIP Number 94699K534
- Pershing as WFP INCOME FUND LLC; CUSIP Number 929LP9220
- TD Ameritrade as WFP INCOME FUND LLC NSA; CUSIP Number 93099B102
- Wells Fargo Advisors; No CUSIP number required

The WFP Income Fund is also open to investors, wealth managers and individual investment advisors directly through Wilshire Finance Partners

About Wilshire Finance Partners and our investment alternatives.

Wilshire Finance Partners, Inc. (“Wilshire”) specializes in real estate finance and investments and is the manager of the WFP Income Fund, LLC (“WFP Income Fund”) and the WFP Opportunity Fund, LLC (“WFP Opportunity Fund” and collectively with the WFP Income Fund, the “Funds”). The WFP Income Fund invests in a diversified pool of residential, multifamily, and commercial real estate related short-term bridge loans secured by first trust deeds and mortgages. The WFP Opportunity Fund invests in a diversified pool of residential, multifamily, and commercial real estate related short-term bridge loans, participating loans, real estate joint ventures, and direct real estate investments. Wilshire commenced operations in January 2008 and launched the WFP Income Fund and the WFP Opportunity Fund in September 2013.

The WFP Income Fund is approved for both retirement and non-retirement accounts on the following alternative investment platforms:



- Charles Schwab; (SSID Number available through an Advisor)
- Fidelity Investments (National Financial Services or NFS); CUSIP Number 94699K534
- Pershing as WFP INCOME FUND LLC; CUSIP Number 929LP9220
- TD Ameritrade as WFP INCOME FUND LLC NSA; CUSIP Number 93099B102
- Wells Fargo Advisors; No CUSIP number required

The WFP Opportunity Fund is approved for both retirement and non-retirement accounts on the following alternative investment platform:

- Charles Schwab; (SSID Number available through an Advisor)
- Fidelity Investments (National Financial Services or NFS); CUSIP Number 94699B948
- TD Ameritrade as WFP OPPORTUNITY FUND NSA; CUSIP Number 93099C100

In addition, each of the WFP Income Fund and WFP Opportunity Fund are approved for self-directed retirement accounts and various other platforms without the need for the CUSIP number, including, Community National Bank, Equity Trust Company (Sterling Trust), Millennium Trust Company, Pensco Trust Company, Provident Trust Company, Strata Trust Company and Shareholder Services Group.

Each of the WFP Income Fund and WFP Opportunity Fund is open to investors, wealth managers and individual investment advisors under the above referenced platforms using standard subscription and transfer procedures.

Investors and advisors may also invest directly through Wilshire. Individual investors not using a third-party advisor may be required to meet additional requirements of the platform providers.

Safe Harbor Statement

This communication is not an offer to sell or the solicitation of offers to purchase the securities of either of the Funds, individual loan or trust deed investments, or otherwise (individually and collectively, the "Securities"). The purpose of this communication is to provide an overview of the respective Securities and their private placement. Persons interested in learning about the Securities and their private placement will be provided with the respective Private Placement Memorandum (inclusive of exhibits thereto and any supplements, the "Memorandum"), which provides a description of the Securities, the terms of their private placement, a discussion of risk factors, a copy of the limited liability company operating agreement for the fund (as applicable), a subscription agreement and other information related to the Securities.



This communication contains certain forward-looking statements regarding the Securities and the investment objectives and strategies of each of the Funds. The forward-looking statements are based on current expectations that involve numerous risks and uncertainties which are difficult or impossible to predict accurately and many of which are beyond the control of Wilshire, as the manager of the Funds. Although Wilshire believes that the assumptions underlying the forward-looking statements are reasonable, any of the assumptions could prove inaccurate and, therefore, there can be no assurance that the forward-looking statements will prove to be accurate. In light of the significant uncertainties inherent in the forward-looking statements, the inclusion of such information should not be regarded as a representation by Wilshire, any placement agent, or any other person, that the objectives and strategies of the respective Securities or the Funds will be achieved.

Investments in the Securities may only be made solely by accredited investors (which for natural persons, are investors who meet certain minimum annual income or net worth threshold), who are provided with the Memorandum and who complete, execute and deliver the subscription documents included therein. Each of the Securities is being offered in reliance on an exemption from the registration requirements of the Securities Act of 1933, as amended (the Securities Act) and are not required to comply with specific disclosure requirements that apply to registration under the Securities Act. The Securities Exchange Commission has not passed upon the merits of or given its approval to the Securities, the terms of the offering, or the accuracy or completeness of any offering materials. Each of the Securities is subject to legal restrictions on transfer and resale and investors should not assume they will be able to resell the Securities. Past performance is not indicative of future results. Investing in any of the Securities, including the Funds, involves substantial risk, including loss of investment, and is not suitable for all investors.

Contact:

Wilshire Finance Partners, Inc.
Donald H. Pelgrim, Jr.
(866) 575-5070
dpelgrim@wilshirefp.com

Source: Wilshire Finance Partners, Inc.