WFP Income Fund Announces June 2020 Results

July 6, 2020, Newport Beach, California - The WFP Income Fund, managed by Wilshire Finance Partners, paid investors a net annualized non-compounded return through June 30, 2020 of 3.43%. 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. The net annualized compounded return for the fund since its inception on September 23, 2013 through June 30, 2020 was 8.64%.

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 June 30, 2020:

Net Annualized Non-Compounded Return:	3.43%*
Monthly Return (stand-alone basis):	0.00% (or 0.00%** annualized)
Net Annualized Compounded Return (since inception):	8.64%
Weighted Average Loan-to-Value:	60.81%
Weighted Average Maturity:	25 months
Average Loan Size:	$1,796,886
Non-Performing Loans:	1
Repayment Percentage:	9.68%

Liquidity / Cash Position:	16.63% (REIT liquidity percentage)

*Net of the increase in the Loan Loss Reserve.
** As addressed under Loan Servicing Update below, the Fund increased the Loan Loss Reserve and made a special allocation against a distressed loan in the Fund's portfolio.

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, Texas and Washington.

The effect of the COVID-19 pandemic continued through June 2020 and has impacted real estate and real estate lending. Until the economy stabilizes and property cash flows normalize, the 11th day of each calendar month (i.e. the end of the 10 day grace period following the mortgage payment due date on the 1st day of each month) will continue to be a significant bellwether for the loans in the Fund's portfolio and the mortgage industry generally. Therefore, while 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 extremely dynamic and fast-paced, there may be other factors which surface later that may impact the Fund's performance. Further, regardless of the existence of formal modification, forbearance or settlement agreements, the commencement of foreclosure actions, or the management of real estate owned (REO), 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 June 2020:

Modification Agreements

Number of Loans	Percentage of Total Loans	Aggregate Loan Amount	Percentage of Assets	Original WALTV*	Current / Modified WALTV*	Status
5	16.13%	$13,550,000	20.95%	64.15%	62.86%	Performing

*WALTV means Weighted Average Loan-to-Value

At month end, the Fund continued to hold 5 loans in its portfolio that were modified as a result of the COVID-19 pandemic. Under several of the 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 modified loans were performing as of June 30, 2020.

Forbearance Agreements

Number of Loans	Percentage of Total Loans	Aggregate Loan Amount	Percentage of Assets	Original WALTV*	Current / Modified WALTV*	Status
1	3.23%	$2,526,000	3.90%	63.15%	93.67%	Property Under Contract for Sale

*WALTV means Weighted Average Loan-to-Value

At June 30, 2020, the Fund had 1 loan in its portfolio subject to a forbearance agreement. Under the forbearance agreement, the Fund agreed to forbear (versus waive) the collection of mortgage payments for several months, resulting in an increase in the outstanding principal balance of the loan through the capitalization (or addition) of the uncollected payments to the principal balance of the loan. Under the agreement the uncollected payments were to be paid upon the payoff of the loan. In connection with entering into the forbearance agreement, the borrower listed the property for sale at a price they believed was substantially below the market value to facilitate a quick sale.

In late 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 with a closing date of July 31, 2020. A short sale means that a lender will receive less than the amount owed under the loan documents. The short sale approval for the subject loan requires that 100% of the net sales proceeds (or the sales price less realtor commissions and the cost of closing) to be paid to the Fund in satisfaction of the loan. If the buyer performs under the purchase agreement, the Fund will receive the full principal amount of the loan and a portion of the interest due upon the sale of the property, but the Fund will waive and forgive the remainder of the accrued, unpaid interest, default interest, late fees and other charges.

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

*WALTV means Weighted Average Loan-to-Value

At month end, a settlement agreement was reached in connection with the 1 loan the Fund has in foreclosure. The loan is secured by a retail property near the University of Texas at Tyler (UT Tyler).

The settlement agreement requires two payments: a first payment, which was received by the Workout LLC (described below) 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 of the A Note (described below) and a portion of the other amounts due under the A Note in exchange for forgiving the remaining amounts due under the loan and releasing the borrower and guarantors from their obligations.

The Fund's REIT subsidiary originally held the A Note secured by the property. The structure of an A Note results from a participation in single note where the note is split into a senior tranche (or "A Note") and a subordinate tranche (or "B Note"). A Notes typically carry a lower rate of interest and are superior to the B Note, but with respect to the borrower, are secured by a deed of trust in first lien position. The structure and relative rights of the holder of the A Note and the holder of the B Note are governed by a Loan Sale and Intercreditor Agreement (the "Intercreditor Agreement").

The split of the note was completed under the original loan structure in 2017. In accordance with the Intercreditor Agreement, the A Note held by the REIT represented an 80% senior interest in the loan and the B Note held by the WFP Opportunity Fund, LLC, a California limited liability company (the "Opportunity Fund") represented a 20% subordinate interest in the loan.

As a result of the defaults and upon consultation with Fund's external legal counsel, accountants and other advisors, Wilshire commenced the following actions:

- <u>Workout Limited Liability Company</u>. A single asset limited liability company (the "Workout LLC") was formed to hold the note, commence foreclosure, and control the property if it reverts to the Workout LLC through foreclosure.

- <u>Contribution of A Note</u>. The REIT contributed the A Note to the Workout LLC in exchange for an 80% membership interest in the Workout LLC. Concurrently, the Opportunity Fund contributed the B Note to the Workout LLC in exchange for a 20% membership interest. Further, each of the REIT and the Opportunity Fund contributed cash representing their pro rata share of the estimated mandatory advances for the protection and preservation of the property during the foreclosure and collection process. This resulted in the Workout LLC holding the entire single note secured in first lien position against the property. To keep the original economics and exposure under the split note intact, the rights, preferences and privileges under the Intercreditor Agreement, including the allocation of gains and losses under the senior-subordinate structure, were retained in the Workout LLC operating agreement.

- <u>Foreclosure Preparation</u>. In connection with the defaults and in preparation for the foreclosure action, Wilshire conducted pre-foreclosure due diligence on the property and the guarantors; including, obtaining a new third-party appraisal and obtaining current market lease rates and sales comparisons from several in-market commercial Realtors, leasing agents and property managers. Based on the information received, the value of the property was significantly lower than the original appraised value obtained in 2017.

- <u>Foreclosure</u>. The Workout LLC commenced and continues to maintain a foreclosure action against the property.

- Settlement Negotiations. Following the filing of the foreclosure action, settlement discussions commenced with the borrower and the guarantors. At month end, a settlement agreement was reached which requires two payments: a first payment, which was received by the Workout LLC (described below) on June 30, 2020, and a second and final payment, which is due on or before August 24, 2020. Under the settlement agreement, Workout LLC retained the right to foreclose against the property and pursue the guarantors for any deficiency should the borrower not perform under the agreement. If the borrower continues to perform under the settlement agreement, the Workout LLC still has the right maintain the foreclosure action against the property, but will forbear from completing the foreclosure sale. If the borrower performs under the settlement agreement, the Fund will receive the full principal amount of the A Note and a portion of the other amounts due under the A Note in exchange for forgiving the remaining amounts due under the loan and releasing the borrower and guarantors from their remaining obligations under the loan.

- Legal Action. Notwithstanding the existence of the settlement agreement and the receipt of the first payment, significant counterparty risk remains in the form of the borrower's ability or willingness to perform under the settlement agreement. If the borrower does not fulfill its obligations under the settlement agreement, legal counsel will continue with the foreclosure action and review and pursue various claims post-foreclosure; including, claims for deficiency against the guarantors under the loan. To the extent there are any recoveries from those claims, they may act to offset the losses to the REIT and the Opportunity Fund. Any such recoveries will first be paid to the REIT until it has recovered the unpaid principal amount and other sums due under the terms of the A Note, and, thereafter, any remaining recovery will be paid to the Opportunity Fund under the terms of the B Note. However, should the Fund ultimately proceed against the guarantors under a deficiency claim, there are no certainties in litigation. Therefore, Wilshire cannot provide any representations or guarantees about the amount and timing of a recovery of all or a portion of the anticipated losses, if any.

- Loan Loss Reserves. To build a specific allocation within the Loan Loss Reserve in anticipation of a future loss under the UT Tyler loan, the monthly accrual for the loan loss reserve in the Fund and the REIT was increased to 0.29% per month (or approximately 3.5% per annum).

- Monthly Dividends. In addition to the increase in the Loan Loss Reserve, dividend distributions were suspended in May and June 2020 to add additional funds to the Loan Loss Reserve as a special allocation against the anticipated losses under the UT Tyler loan.

  As a result of increasing the allocation to the loan loss reserve, at June 30, 2020 the Fund had approximately $1,082,985 in the Loan Loss Reserve.

  It is anticipated the dividend distributions will recommence at month end July 2020. However, 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. 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, in May 2020 the moratorium on redemptions was modified 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 funds, and strive for a level of stability in the funds 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.

Real Estate Owned (REO)

As of June 30, 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
$1,082,985	1.67%	6.63%	37.60%

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.

"The work of Wilshire's internal team and external advisors produced some promising results in June related to the problem assets in the Fund's portfolio," said Don Pelgrim, CEO of Wilshire Finance Partners. "While the respective borrowers still need to perform, and as a result counterparty risk remains, we are cautiously optimistic that the actions taken will help to mitigate the negative impacts to the Fund relating to those assets. Further, our primary focus in this environment remains the protection and perseveration of our investor's principal investments in the Fund. Therefore, we will continue to implement strategies, techniques, and approaches that we believe will help to address downside risk and provide longer term benefits to the investors in the Fund."

COVID-19 Strategic Adjustments and Additional Information

Wilshire is taking and will continue to take proactive, protective measures to help the Fund weather the current market conditions, including, those described in this and prior releases. Wilshire cannot provide any representations guarantees about how the current situation will impact the underlying investments in the Fund and therefore the Fund's performance. 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 Wilshire about the potential impacts resulting from the COVID-19 fallout may be found at https://wfpfunds.com/coronavirus-covid-19-update/.

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.

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- 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.

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