



WFP Opportunity Fund Announces Third Quarter 2020 Results

October 2, 2020, Newport Beach, California – The WFP Opportunity Fund, managed by Wilshire Finance Partners, announced a reduction in the year-to-date loss in the fund from approximately 4.63% at the end of the second quarter 2020 to approximately 3.62% as of the end of the third quarter of 2020. On a stand-alone basis, the fund had a positive return in the third quarter of approximately 1.08% or a net annualized non-compounded return for the quarter of approximately 4.34% annualized. The net annualized compounded return for the fund since its inception on September 23, 2013 through September 30, 2020 was approximately 13.24%.

The WFP Opportunity Fund (the “Fund”) seeks to provide higher risk-adjusted returns to its investors through debt and equity investments in real estate within the United States. Such investments will include, without limitation, direct and indirect equity investments, joint ventures, deeds of trust and mortgages, participating loans and other real estate related investments. The Fund is not correlated to the stock or bond markets and has little to no sensitivity to interest rates.

The year-to-date loss incurred by the Fund was primarily driven by the write-off of a loan secured by a retail property located near the University of Texas at Tyler (UT Tyler). As a result of the loss, the Fund’s Net Asset Value (NAV) was reduced from \$1,124.35 at March 31, 2020 to \$1,063.08 at June 30, 2020. Positive returns in the third quarter of 2020 caused the loss to be reduced from approximately 4.63% at June 30, 2020 to approximately 3.62% at September 30, 2020.

The return obtained by the Fund was on an unlevered basis and was primarily the result of interest income received on the trust deeds, mortgages and participating loans in the fund’s portfolio. A significant portion of the Fund's return in the third quarter of 2020 was the result of the unrealized accrued gain on a participating loan in the Fund's portfolio. The remainder of the return was the result of interest earnings on the underlying pool of real estate secured loans in the fund’s portfolio.

The unrealized gain in the participating loan was reflected through an increase in the fund's Net Asset Value (NAV). As a result, the NAV of the Fund increased to \$1,074.02 at September 30, 2020 from \$1,063.08 at June 30, 2020. Once realized, a portion of that gain will become distributable cash and each member of the fund will have the option to receive a quarterly distribution of such cash or direct all or a portion of such member’s proportionate share of the distributable cash be reinvested to acquire additional units based on the Net Asset Value of the fund ex-dividend.

As opposed to distributing net interest earnings to investors as a dividend in the third quarter of 2020, those earnings were used in the third quarter to establish a Loan Loss Reserve which did not previously exist within the Fund. As a result, there was no dividend distribution in the third quarter of 2020.



The return achieved in the third quarter does not include a recovery received by the Fund on the UT Tyler loan in August 2020, which was added to the Fund's Loan Loss Reserve. Had the recovery been allocated to earnings versus the Loan Loss Reserve, the additional increase in the third quarter earnings would have reduced the year-to-date loss as of September 30, 2020 to approximately 2.79%.

Because of uncertainty in the current operating environment resulting in part from the pandemic, Wilshire believed it was prudent to both contribute both interest earnings and the recovery on the UT Tyler loan to establish a Loan Loss Reserve in the Fund. After the current conditions have subsided and the real estate market has normalized, Wilshire may distribute excess reserves, if any, to the then current investors in the Fund as a special dividend.

Performance by the Numbers

As of September 30, 2020:

Net Annualized Non-Compounded Return/(Loss):	(3.62%)*
Quarterly Return/(Loss) (stand-alone basis):	1.08%
Net Annualized Compounded Return (since inception):	13.24%
Weighted Average Loan-to-Value:	71.56%
Weighted Average Maturity:	21 months
Average Loan Size:	\$873,083
Non-Performing Loans:	1

*Net of contributions to the Loan Loss Reserve.

Loan Servicing Update

At month end, the Fund's portfolio consisted of loans primarily secured in second lien position, either as second mortgages or B Notes, against apartment, office, and senior assisted living properties in Alabama, Florida, Illinois, and Texas. The defaulted loan is secured by a B Note against an office property located near Birmingham, Alabama.

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 the third quarter of 2020:

Modification Agreements

As of September 30, 2020, the Fund did not hold any loans under modification agreements in its portfolio.

Forbearance Agreements

As of September 30, 2020, the Fund did not hold any loans under forbearance agreements in its portfolio.

Loans in Foreclosure

Number of Loans	Percentage of Total Loans	Aggregate Loan Amount	Percentage of Assets	Original WALTV*	Current / Modified WALTV*	Status
1	16.67%	\$130,200	1.14%	72.33%	72.33%	Borrower delinquent on 2 mortgage payments; property under contract to be sold; foreclosure notice sent

*WALTV means Weighted Average Loan-to-Value

At month end, the Fund had one (1) loan where the borrower had not made two (2) mortgage payments. The loan is a B Note secured by an office building in Birmingham, Alabama, which is under contract to be sold. The structure of a B 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"). B Notes typically carry a higher rate of interest and are subordinate to the A 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 acquisition of the B Note by the Fund at the time the loan was made was in alignment with the Fund's objective of seeking higher relative returns.

Notwithstanding the existence of the purchase contract, the Fund commenced foreclosure action by sending notice to the borrower and guarantor in September 2020. As addressed more fully below,



Wilshire believes there are sufficient funds in the Loan Loss Reserve to offset potential losses on the loan without further material impacts to the Fund or its investors.

Real Estate Owned (REO)

As of September 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
\$138,258	1.21%	N/A	106.19%

Historically, the Fund has taken a more aggressive approach with respect to maximizing both the returns and distributable cash to investors. As a result, the Fund has not previously maintained a Loan Loss Reserve. In response to the impacts on the real estate market and real estate lending resulting from the COVID-19 pandemic, the Fund established a Loan Loss Reserve in the second quarter of 2020 and began accruing funds in the reserve. At present, the Loan Loss Reserve exceeds the total principal amount of the loan in foreclosure. i.e. 106.19% of the total principal amount.

Wilshire will continue to assess the market and the adequacy of the reserves 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 Fund may experience. After the current conditions have subsided and the real estate market has normalized, Wilshire may distribute excess reserves, 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, the redemption procedures have been modified as follows:

- Generally. Redemption requests will be subject to the following limitations and restrictions:
 - ERISA and Other Retirement Accounts. As described in the Fund's governance documents, the Fund limits the total percentage of ERISA and other retirement plan investments to 25% of total investments made by investors in the Fund (the "25% ERISA Threshold"). Non-ERISA investors in the Fund may not be able to redeem or experience delays in the fulfillment of their redemption requests if the Fund is at or near the 25% ERISA Threshold. Redemptions for non-ERISA investors therefore need to be offset or balanced against ERISA redemptions to maintain the 25% ERISA Threshold. In order to maintain compliance with regulatory threshold and balance the amount of ERISA investments to overall investments, the Fund may take accelerate redemptions involving ERISA and other retirement plan investments (such as IRA, Roth IRA, 401K and similar



retirement accounts) and/or seek voluntary partial redemption requests from ERISA investors.

- Holdback. Redemptions will be subject to a twenty percent (20%) holdback of the total amount requested.
- Other Requirements. All redemptions will also remain subject to the requirements and restrictions in the operating documents of the Fund; 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.

“The interest earned on loans, a partial recovery on a problem loan and the accrued, unrealized gain on a participating loan helped to both reduce the year-to-date loss experienced by the Fund and build the Fund’s Loan Loss Reserve,” said Don Pelgrim, CEO of Wilshire Finance Partners. “Those were positive results. We continue to exercise patience and discipline in this environment on behalf of the Fund to help navigate near-term impacts while seeking new investment opportunities that will create value for the Fund and its investors.”

The WFP Opportunity 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 94699B948
- TD Ameritrade as WFP OPPORTUNITY FUND NSA; CUSIP Number 93099C100

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

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



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.