



WFP Opportunity Fund Announces Full Year 2020 Results

January 8, 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 of 2020 to approximately 1.30% as of yearend 2020. On a stand-alone basis, the fund had a positive return in the fourth quarter of approximately 2.38% or a net annualized non-compounded return for the quarter of approximately 9.45%. The net annualized compounded return for the fund since its inception on September 23, 2013 through December 31, 2020 was approximately 13.40%.

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 fourth quarter of 2020, including the realization of a gain on a participating loan, caused the loss to be reduced from approximately 4.63% at June 30, 2020 to approximately 1.30% at December 31, 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 fourth quarter of 2020 was the result of the realized 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.

In connection with the participating loan, the Fund also recognized approximately \$291,000 in taxable income related to book income from 2019 resulting from the accrued, unrealized gains in that period. With respect to participating loans in the Fund, book income (or loss) arises from anticipated accrued, unrealized gains (or losses) which are accreted on a straight-line basis over the anticipated investment period. Taxable income (or loss) arises when the gain (or loss) is realized. That accounting treatment causes a timing differential between the recognition of book income (or loss) and taxable income (or loss).

In 2020, the Fund realized a loss of approximately \$138,000 on the UT Tyler loan after offsets from realized income and gains on other assets, including, the participating loan. The Fund also realized taxable income in the amount of approximately \$291,000 attributable to the 2019 gain accretion on the participating



loan. As a result, the Fund had net taxable income of approximately \$153,000 (or \$291,000 gain - \$138,000 loss) for full year 2020.

An amount equal to the net taxable income in the Fund (i.e. \$153,000) was distributed to investors on a pro rata basis for yearend 2020. Post-distribution, the Fund's Net Asset Value (NAV) was \$1,083.21 at December 31, 2020 as compared to \$1,074.02 at September 30, 2020. Based on the distribution election of a member of the Fund, the distribution was received by the member in cash or reinvested to acquire additional units based on the Net Asset Value of the Fund post-distribution. Depending on the timing of the member's investments in the Fund, the yearend distribution may be income, a return of principal or both.

Performance by the Numbers

As of December 31, 2020:

| | |
|---|-------------|
| Net Annualized Non-Compounded Return/(Loss): | (1.30%)* |
| Quarterly Return/(Loss) (stand-alone basis): | 9.45% |
| Net Annualized Compounded Return (since inception): | 13.40% |
| Weighted Average Loan-to-Value: | 66.81% |
| Weighted Average Maturity: | 20 months |
| Average Loan Size: | \$1,010,825 |
| Non-Performing Loans: | 1 |
| Real Estate Owned (REO): | 1 |

*Net of contributions to the Loan Loss Reserve.

Loan Servicing Update

At yearend 2020, the Fund's portfolio consisted of loans primarily secured in second lien position, either as second mortgages or B Notes, against apartment and senior assisted living properties in Florida, Illinois, and Texas.

The loans in the Fund's portfolio performed well in December. At December 31, 2020, the Fund had acquired an office building in Birmingham, Alabama through foreclosure. There were no other classified assets in the Fund's portfolio at yearend 2020.

According to various economic data, including the Chapman University Economic Forecast, sectors of the United States economy started to bound in the 3rd quarter of 2020 due to several factors, including, pent up consumer demand and historically low interest rates. Continuation of those trends may be dependent on controlling the resurgence of the COVID-19 virus, the timing and availability for the administration of vaccines, and government action permitting more business activity. With respect to the real estate



market, near term positive trends remain sector specific and are influenced by lower interest rates and the utility of certain asset classes in the current environment. Entering 2021, COVID-19 will continue to present near-term challenges on the healthcare and business fronts, but, subject to more widespread control of the virus through vaccination and other means, some economists are forecasting continued growth and a strong second half in 2021. Therefore, while some economists remain optimistic, that optimism is hedged by various impacts resulting from the pandemic which may continue to influence economies on a local, national, and global scale.

The information in this release is based on the facts and circumstances Wilshire believed to be true as of date of this release. The environment continues to evolve and as a result 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 December 2020:

Modification Agreements; Forbearance Agreements; Loans in Foreclosure

As of December 31, 2020, all loans were performing and the Fund did not hold any loans under modification agreements, under forbearance agreements or in foreclosure in its portfolio.

Real Estate Owned (REO)

| Number of Properties Owned (REO) | Percentage of Total Loans and REO | Original Aggregate Loan Amount | Estimated Aggregate Cost Basis in REO | Estimated Aggregate Current Value | Estimated Gross Potential Gain (Loss) on Sale* | Status |
|---|--|---------------------------------------|--|--|---|--|
| 1 | 16.67% | \$85,550 | \$85,633 | \$1,300,000 | \$5,000 | Foreclosure completed; transition occurring. |

*After estimated costs and loan loss allowance offset.

As of December 31, 2020, the Fund held one (1) property as real estate owned (or REO) in its portfolio.

As previously reported, the Fund had commenced foreclosure on a loan with an outstanding principal balance of \$130,200. The loan was an B Note secured by an office building in Birmingham, Alabama. The structure of an 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 or mortgage 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.

Wilshire on behalf of the funds has secured professional property management in the local market who is coordinating with the building's tenants on leases and payments.

As addressed more fully below, Wilshire believes there are sufficient funds in the Loan Loss Reserve to offset potential losses on the property without further material impacts to the Fund or its investors.

Loan Loss Reserve

| Amount | Percentage of Total Assets | Percentage of Total Forbearance and Modification Agreements | Percentage of Total Loans in Foreclosure and Real Estate Owned (REO) |
|---------------|-----------------------------------|--|---|
| \$148,583 | 1.31% | N/A | 173.68% |

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 Fund's pro rata share of the real estate owned by the Fund. i.e. 173.68% of the Fund's basis in the property.

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:
 - Holdback. The Fund has eliminated the twenty percent (20%) holdback previously instituted. As a result, and in accordance with the Fund's organizational documents, investors whose prior redemptions were subject to the holdback will receive those funds before other redemptions are made.
 - 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.

- 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 results in the third and fourth quarters of the year were very positive, and I commend our team for what they were able to accomplish," said Don Pelgrim, CEO of Wilshire Finance Partners. "The interest earned on loans and the realized gain on a participating loan in those quarters significantly reduced loss experienced by the Fund and helped to build the Fund's Loan Loss Reserve as a buffer against potential future issues. Looking forward into 2021 and beyond, although the actual and potential impacts of the pandemic remain, we are optimistic that the economy will improve, and additional lending and investment opportunities will be available for the Fund. We will nevertheless continue to proactively manage the Fund's portfolio, exercise patience and discipline to help navigate near-term impacts to the Fund and take a longer view with respect to new lending and investment opportunities to help mitigate risk and provide long term value for investors in the Fund."

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.

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