

# NEXPOINT

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## RESIDENTIAL TRUST

### FOR IMMEDIATE RELEASE

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### NEXPOINT RESIDENTIAL TRUST, INC. REPORTS SECOND QUARTER 2021 RESULTS

#### NXRT Increases Net Income, Same Store NOI and Core FFO Guidance; Acquires \$121.5 Million of Properties in Charlotte

Dallas, TX, July 27, 2021 – NexPoint Residential Trust, Inc. (NYSE:NXRT) reported financial results for the second quarter ended June 30, 2021.

#### Highlights

- NXRT<sup>1</sup> reported Net Loss, FFO<sup>2</sup>, Core FFO<sup>2</sup> and AFFO<sup>2</sup> of \$(3.4)M, \$16.5M, \$14.2M and \$16.3M, respectively, attributable to common stockholders for the quarter ended June 30, 2021, compared to Net Loss, FFO, Core FFO, and AFFO of \$(9.3)M, \$12.0M, \$14.5M and \$16.1M, respectively, attributable to common stockholders for the quarter ended June 30, 2020.
- NXRT reported Net Loss, FFO, Core FFO and AFFO of \$(10.3)M, \$30.3M, \$28.3M and \$32.4M, respectively, attributable to common stockholders for the six months ended June 30, 2021, compared to Net Income, FFO, Core FFO, and AFFO of \$18.7M, \$24.4M, \$28.1M and \$31.4M, respectively, attributable to common stockholders for the six months ended June 30, 2020.
- For the three months ended June 30, 2021, Q2 Same Store properties<sup>3</sup> average effective rent, total revenue and NOI<sup>2</sup> increased 3.6%, 3.4% and 0.6%, respectively, and occupancy increased 70 bps over the prior year period.
- For the six months ended June 30, 2021, YTD Same Store properties<sup>3</sup> average effective rent, total revenue and NOI<sup>2</sup> increased 3.6%, 2.8% and 0.2%, respectively, and occupancy increased 70 bps over the prior year period.
- The weighted average effective monthly rent per unit across all 39 properties held as of June 30, 2021 (the “Portfolio”), consisting of 14,709<sup>4</sup> units, was \$1,159, while physical occupancy was 96.1%.
- On June 30, 2021, NXRT acquired The Verandas at Lake Norman and Creekside at Matthews located in Charlotte, North Carolina for a combined purchase price of \$121.5 million.
- NXRT paid a second quarter dividend of \$0.34125 per share of common stock on June 30, 2021.
- During the second quarter, for the properties in our Portfolio, we completed 336 full and partial upgrades and leased 408 upgraded units, achieving an average monthly rent premium of \$170 and a 20.5% ROI<sup>5</sup>.
- Since inception, for the properties currently in our Portfolio, we have completed 5,784 full and partial upgrades, 4,459 kitchen and laundry appliances, and 9,782 technology packages, resulting in a \$132, \$48, and \$43 average monthly rental increase per unit and a 21.4%, 74.0%, and 33.8% ROI, respectively.
- On July 12, 2021, an affiliate of NXRT entered into a purchase and sale agreement to acquire a 323-unit value-add multifamily community in Raleigh, NC for a gross purchase price of \$74.76 million. The Company is presently conducting due diligence on this acquisition target and it is expected that we will close on this purchase in Q3 2021. This near-term transaction is included within our Revised 2021 Full Year Guidance Summary on page 7 of the Company’s Earnings Supplement.

- 1) In this release, “we,” “us,” “our,” the “Company,” “NexPoint Residential Trust,” and “NXRT” each refer to NexPoint Residential Trust, Inc., a Maryland corporation.
- 2) FFO, Core FFO, AFFO and NOI are non-GAAP measures. For a discussion of why we consider these non-GAAP measures useful and reconciliations of FFO, Core FFO, AFFO and NOI to net income (loss), see the “Definitions and Reconciliations of Non-GAAP Measures”, “FFO, Core FFO and AFFO” and “NOI and Same Store NOI” sections of this release.
- 3) We define “Same Store” properties as properties that were in our Portfolio for the entirety of the periods being compared. There are 35 properties encompassing 13,544 units of apartment space in our Same Store pool for the three months ended June 30, 2021 (our “Q2 Same Store” properties) and 35 properties encompassing 13,544 units of apartment space in our Same Store pool for the six months ended June 30, 2021 (our “YTD Same Store” properties). The same store unit count excludes 113 units that are currently down due to fires and winter storm Uri in February 2021 (Atera: 26 units, Hollister Place: 38 units, Venue at 8651: 26 units, Timber Creek: 15 units, Stone Creek: 5 units and Preserve at Terrell Mill: 3 units).

- 4) Total units owned in our Portfolio is 14,709, however 249 units are currently down due to fires, a tornado, and winter storm Uri (Cutter's Point: 136 units, Atera: 26 units, Hollister Place: 38 units, Venue at 8651: 26 units, Timber Creek: 15 units, Stone Creek: 5 units and Preserve at Terrell Mill: 3 units).
- 5) We define Return on Investment ("ROI") as the sum of the actual rent premium divided by the sum of the total cost.

## **Second Quarter 2021 Financial Results**

- Total revenues were \$52.6 million for the second quarter of 2021, compared to \$50.7 million for the second quarter of 2020.
- Net loss for the second quarter of 2021 totaled \$(3.4) million, or loss of \$(0.14) per diluted share, which included \$20.0 million of depreciation and amortization expense. This compared to a net loss of \$(9.3) million, or a loss of \$(0.38) per diluted share, for the second quarter of 2020, which included \$21.4 million of depreciation and amortization expense.
- The change in our net loss of \$(3.4) million for the three months ended June 30, 2021 as compared to our net loss of \$(9.3) million for the three months ended June 30, 2020 primarily relates to a decrease in gain on sales of real estate, partially offset by increases in total revenues and casualty gains.
- For the second quarter of 2021, NOI was \$30.0 million on 37<sup>1</sup> properties, compared to \$30.3 million for the second quarter of 2020 on 37 properties.
- For the second quarter of 2021, Q2 Same Store NOI increased 0.6% to \$28.7 million, compared to \$28.5 million for the second quarter of 2020.
- For the second quarter of 2021, FFO totaled \$16.5 million, or \$0.66 per diluted share, compared to \$12.0 million, or \$0.50 per diluted share, for the second quarter of 2020.
- For the second quarter of 2021, Core FFO totaled \$14.2 million, or \$0.56 per diluted share, compared to \$14.5 million, or \$0.59 per diluted share, for the second quarter of 2020.
- For the second quarter of 2021, AFFO totaled \$16.3 million, or \$0.65 per diluted share, compared to \$16.1 million, or \$0.66 per diluted share, for the second quarter of 2020.

## **2021 Year to Date Financial Results**

- Total revenues were \$104.4 million for the six months ended June 30, 2021, compared to \$103.3 million for the six months ended June 30, 2020.
  - Net loss for the six months ended June 30, 2021 totaled \$(10.3) million, or loss of \$(0.41) per diluted share, which included \$40.7 million of depreciation and amortization expense. This compared to net income of \$18.7 million, or income of \$0.74 per diluted share, for the six months ended June 30, 2020, which included a gain on sales of real estate of \$39.0 million and \$44.8 million of depreciation and amortization expense.
  - The change in our net loss of \$(10.3) million for the six months ended June 30, 2021 as compared to our net income of \$18.7 million for the six months ended June 30, 2020 primarily relates to a decrease in gains on sales of real estate, partially offset by increases in total revenues and casualty gains.
  - For the six months ended June 30, 2021, NOI was \$59.6 million on 37<sup>1</sup> properties, compared to \$60.3 million for the six months ended June 30, 2020 on 37 properties.
  - For the six months ended June 30, 2021, Same Store NOI increased 0.2% to \$56.9 million, compared to \$56.8 million for the six months ended June 30, 2020.
  - For the six months ended June 30, 2021, FFO totaled \$30.3 million, or \$1.21 per diluted share, compared to \$24.4 million, or \$0.96 per diluted share, for the six months ended June 30, 2020.
  - For the six months ended June 30, 2021, Core FFO totaled \$28.3 million, or \$1.13 per diluted share, compared to \$28.1 million, or \$1.11 per diluted share, for the six months ended June 30, 2020.
  - For the six months ended June 30, 2021, AFFO totaled \$32.4 million, or \$1.29 per diluted share, compared to \$31.4 million, or \$1.24 per diluted share, for the six months ended June 30, 2020.
- (1) Two properties were acquired on June 30, 2021 and did not contribute to NOI during the three and six months ended June 30, 2021 and were therefore excluded from the property count shown above.

## **Second Quarter Earnings Conference Call**

NXRT will host a conference call on Tuesday, July 27, 2021 at 11:00 a.m. ET (10:00 am CT), to discuss second quarter financial results. The conference call can be accessed live over the phone by dialing 800-367-2403 or, for international callers, +1 334-777-6978 and using passcode Conference ID: 9278093. A live audio webcast of the call will be available online at the Company's website,

<http://nxrt.nexpoint.com>. An online replay will be available shortly after the call on the Company's website and continue to be available for 60 days.

A replay of the conference call will also be available through Tuesday, August 3, 2021 by dialing 888-203-1112 or, for international callers, +1 719-457-0820 and entering passcode 9278093.

## **About NXRT**

NexPoint Residential Trust is a publicly traded REIT, with its shares listed on the New York Stock Exchange under the symbol "NXRT," primarily focused on acquiring, owning and operating well-located middle-income multifamily properties with "value-add" potential in large cities and suburban submarkets of large cities, primarily in the Southeastern and Southwestern United States. NXRT is externally advised by NexPoint Real Estate Advisors, L.P., an affiliate of NexPoint Advisors, L.P., an SEC-registered investment advisor, which has extensive real estate experience. Our filings with the Securities and Exchange Commission (the "SEC") are available on our website, [nxrt.nexpoint.com](http://nxrt.nexpoint.com), under the "Financials" tab.

## **Cautionary Statement Regarding Forward-Looking Statements**

This release contains forward-looking statements within the meaning of the Private Securities Litigation Reform Act of 1995 that are based on management's current expectations, assumptions and beliefs. Forward-looking statements can often be identified by words such as "expect," "anticipate," "estimate," "may," "should," "intend," "plan" and similar expressions, and variations or negatives of these words. These forward-looking statements include, but are not limited to, statements regarding NXRT's business and industry in general, the expected acquisition of a property in Raleigh, North Carolina in the third quarter of 2021, NXRT's updated guidance for financial results for the full year 2021 and the related assumptions, including growth projections, the effects of tornado damage, fires and winter storm Uri, expected acquisitions and dispositions, shares outstanding and operating expenses, including real estate taxes, the expectation that NXRT will meet or exceed its preliminary budgeted expectations for real estate tax expense in 2021, NXRT's net asset value and the related components and assumptions, including estimated value-add expenditures, debt payments, outstanding debt and shares outstanding, guidance for the third quarter 2021 and the related assumptions, planned value-add programs, including projected average rent, rent change and return on investment, expected settlement of interest rate swaps and the effect on the debt maturity schedule, rehab budgets, and expected acquisitions and dispositions. They are not guarantees of future results and are subject to risks, uncertainties and assumptions that could cause actual results to differ materially from those expressed in any forward-looking statement, including the ultimate geographic spread, duration and severity of the COVID-19 pandemic, and the effectiveness of actions taken, or actions that may be taken, by governmental authorities to contain the outbreak or treat its impact, as well as those described in greater detail in our filings with the Securities and Exchange Commission, particularly those specifically described in our Annual Report on Form 10-K. Readers should not place undue reliance on any forward-looking statements and are encouraged to review the Company's most recent Annual Report on Form 10-K and other filings with the SEC for a more complete discussion of the risks and other factors that could affect any forward-looking statements. The statements made herein speak only as of the date of this release and except as required by law, NXRT does not undertake any obligation to publicly update or revise any forward-looking statements.

## FFO, Core FFO and AFFO

The following table reconciles our calculations of FFO, Core FFO and AFFO to net income (loss), the most directly comparable GAAP financial measure, for the three and six months ended June 30, 2021 and 2020 (in thousands, except per share amounts):

	For the Three Months Ended June 30,		For the Six Months Ended June 30,		% Change (1)
	2021	2020	2021	2020	
Net income (loss)	\$ (3,418)	\$ (9,318)	\$ (10,318)	\$ 18,721	N/M
Depreciation and amortization	19,986	21,418	40,744	44,756	-9.0%
Gain on sales of real estate	—	(19)	—	(38,991)	N/M
Adjustment for noncontrolling interests	(50)	(36)	(91)	(73)	24.7%
<b>FFO attributable to common stockholders</b>	<u>16,518</u>	<u>12,045</u>	<u>30,335</u>	<u>24,413</u>	<u>24.3%</u>
<b>FFO per share - basic</b>	<u>\$ 0.66</u>	<u>\$ 0.50</u>	<u>\$ 1.21</u>	<u>\$ 0.98</u>	<u>23.0%</u>
<b>FFO per share - diluted</b>	<u>\$ 0.66</u>	<u>\$ 0.50</u>	<u>\$ 1.21</u>	<u>\$ 0.96</u>	<u>25.4%</u>
Loss on extinguishment of debt and modification costs	328	—	328	874	N/M
Casualty-related expenses/(recoveries)	(435)	723	(392)	773	N/M
Casualty losses/(gains)	(2,379)	1,079	(2,379)	1,028	N/M
Pandemic expense (2)	12	274	35	284	N/M
Amortization of deferred financing costs - acquisition term notes	140	345	349	694	-49.7%
Adjustment for noncontrolling interests	7	(7)	6	(11)	N/M
<b>Core FFO attributable to common stockholders</b>	<u>14,191</u>	<u>14,459</u>	<u>28,282</u>	<u>28,055</u>	<u>0.8%</u>
<b>Core FFO per share - basic</b>	<u>\$ 0.56</u>	<u>\$ 0.59</u>	<u>\$ 1.13</u>	<u>\$ 1.13</u>	<u>-0.2%</u>
<b>Core FFO per share - diluted</b>	<u>\$ 0.56</u>	<u>\$ 0.59</u>	<u>\$ 1.13</u>	<u>\$ 1.11</u>	<u>1.7%</u>
Amortization of deferred financing costs - long term debt	355	357	707	744	-5.0%
Equity-based compensation expense	1,796	1,335	3,404	2,635	29.2%
Adjustment for noncontrolling interests	(6)	(5)	(12)	(10)	20.0%
<b>AFFO attributable to common stockholders</b>	<u>16,336</u>	<u>16,146</u>	<u>32,381</u>	<u>31,424</u>	<u>3.0%</u>
<b>AFFO per share - basic</b>	<u>\$ 0.65</u>	<u>\$ 0.66</u>	<u>\$ 1.29</u>	<u>\$ 1.26</u>	<u>2.0%</u>
<b>AFFO per share - diluted</b>	<u>\$ 0.65</u>	<u>\$ 0.66</u>	<u>\$ 1.29</u>	<u>\$ 1.24</u>	<u>4.0%</u>
<b>Weighted average common shares outstanding - basic</b>	<u>25,140</u>	<u>24,307</u>	<u>25,104</u>	<u>24,847</u>	<u>1.0%</u>
<b>Weighted average common shares outstanding - diluted</b>	<u>25,140</u>	<u>24,307</u>	<u>25,104</u>	<u>25,330</u>	<u>-0.9%</u>
<b>Dividends declared per common share</b>	\$ 0.34125	\$ 0.3125	\$ 0.6825	\$ 0.625	9.2%
<b>FFO Coverage - diluted</b>	(3) 1.93x	1.59x	1.77x	1.54x	14.81%
<b>Core FFO Coverage - diluted</b>	(3) 1.65x	1.90x	1.65x	1.77x	-6.85%
<b>AFFO Coverage - diluted</b>	(3) 1.90x	2.13x	1.89x	1.98x	-4.79%

(1) Represents the percentage change for the six months ended June 30, 2021 compared to the six months ended June 30, 2020.

(2) Represents additional cleaning, disinfecting, personal protection equipment ("PPE") and other costs incurred at the properties related to COVID-19 that are not reflective of the continuing operations of the properties.

(3) Indicates coverage ratio of FFO/Core FFO/AFFO per common share (diluted) over dividends declared per common share during the period.

## Definitions and Reconciliations of Non-GAAP Measures

### *Definitions*

This presentation contains non-GAAP financial measures. A “non-GAAP financial measure” is defined as a numerical measure of a company’s financial performance that excludes or includes amounts so as to be different than the most directly comparable measure calculated and presented in accordance with GAAP in the statements of income, balance sheets or statements of cash flows of the Company. The non-GAAP financial measures used within this presentation are net operating income (“NOI”), funds from operations attributable to common stockholders (“FFO”), FFO per diluted share, Core FFO, Core FFO per diluted share, adjusted FFO (“AFFO”), AFFO per diluted share and net debt.

NOI is used by investors and our management to evaluate and compare the performance of our properties to other comparable properties, to determine trends in earnings and to compute the fair value of our properties. NOI is calculated by adjusting net income (loss) to add back (1) interest expense (2) advisory and administrative fees, (3) the impact of depreciation and amortization expenses as well as gains or losses from the sale of operating real estate assets that are included in net income computed in accordance with GAAP, (4) corporate general and administrative expenses, (5) other gains and losses that are specific to us including loss on extinguishment of debt and modification costs, (6) casualty-related expenses/(recoveries) and casualty gains (losses), (7) pandemic expenses that are not reflective of continuing operations of the properties and (8) property general and administrative expenses that are not reflective of the continuing operations of the properties or are incurred on behalf of the Company at the property for expenses such as legal, professional and franchise tax fees. We define “Same Store NOI” as NOI for our properties that are comparable between periods. We view Same Store NOI as an important measure of the operating performance of our properties because it allows us to compare operating results of properties owned for the entirety of the current and comparable periods and therefore eliminates variations caused by acquisitions or dispositions during the periods.

FFO is defined by the National Association of Real Estate Investment Trusts (“NAREIT”), as net income (loss) computed in accordance with GAAP, excluding gains or losses from real estate dispositions, plus real estate depreciation and amortization. We compute FFO in accordance with NAREIT’s definition. Our presentation differs slightly in that we begin with net income (loss) before adjusting for amounts attributable to redeemable noncontrolling interests in the OP and we show the combined amounts attributable to such noncontrolling interests as an adjustment to arrive at FFO attributable to common stockholders.

Core FFO makes certain adjustments to FFO, which are either not likely to occur on a regular basis or are otherwise not representative of the ongoing operating performance of our Portfolio. Core FFO adjusts FFO to remove items such as losses on extinguishment of debt and modification costs (includes prepayment penalties and defeasance costs incurred on the early payment of debt, the write-off of unamortized deferred financing costs and fair market value adjustments of assumed debt related to the retirement of debt, costs incurred in connection with a debt modification that are not capitalized as deferred financing costs and other costs incurred in a debt extinguishment that are expensed), casualty-related expenses/and recoveries, pandemic expenses, the amortization of deferred financing costs incurred in connection with obtaining short-term debt financing, and the noncontrolling interests (as described above) related to these items.

AFFO makes certain adjustments to Core FFO. There is no industry standard definition of AFFO and practice is divergent across the industry. AFFO adjusts Core FFO to remove items such as equity-based compensation expense and the amortization of deferred financing costs incurred in connection with obtaining long-term debt financing, and the noncontrolling interests (as described above) related to these items.

Net debt is calculated by subtracting cash and cash equivalents and restricted cash held for value-add upgrades and green improvements from total debt outstanding.

We believe that the use of NOI, FFO, Core FFO, AFFO and net debt, combined with the required GAAP presentations, improves the understanding of operating results and debt levels of real estate investment trusts (“REITs”) among investors and makes comparisons of operating results and debt levels among such companies more meaningful. While NOI, FFO, Core FFO, AFFO and net debt are relevant and widely used measures of operating performance and debt levels of REITs, they do not represent cash flows from operations, net income (loss) or total debt as defined by GAAP and should not be considered an alternative to those measures in evaluating our liquidity, operating performance and debt levels. NOI, FFO, Core FFO and AFFO do not purport to be indicative of cash available to fund our future cash requirements. We present net debt because we believe it provides our investors a better understanding of our leverage ratio. Net debt should not be considered an alternative to total debt, as we may not always be able to use our available cash to repay debt. Our computation of NOI, FFO, Core FFO, AFFO and net debt may not be comparable to NOI, FFO, Core FFO, AFFO and net debt reported by other REITs. For a more complete discussion of NOI, FFO, Core FFO and AFFO, see our most recent Annual Report on Form 10-K and our other filings with the SEC.

## Reconciliations

### NOI and Same Store NOI

The following table, which has not been adjusted for the effects of noncontrolling interests, reconciles NOI and our Same Store NOI for the three and six months ended June 30, 2021 and 2020 to net income (loss), the most directly comparable GAAP financial measure (in thousands):

	For the Three Months Ended June 30,		For the Six Months Ended June 30,	
	2021	2020	2021	2020
Net income/(loss)	\$ (3,418)	\$ (9,318)	\$ (10,318)	\$ 18,721
Adjustments to reconcile net income (loss) to NOI:				
Advisory and administrative fees	1,900	1,936	3,768	3,801
Corporate general and administrative expenses	2,978	2,932	5,918	5,633
Casualty-related expenses/(recoveries)	(1) (435)	723	(392)	773
Casualty loss (gain)	(2,379)	1,079	(2,379)	1,028
Pandemic expense	(2) 12	274	35	284
Property general and administrative expenses	(3) 374	278	607	747
Depreciation and amortization	19,986	21,418	40,744	44,756
Interest expense	10,683	10,993	21,299	22,655
Loss on extinguishment of debt and modification costs	328	—	328	874
Gain on sales of real estate	—	(19)	—	(38,991)
NOI	<u>\$ 30,029</u>	<u>\$ 30,296</u>	<u>\$ 59,610</u>	<u>\$ 60,281</u>
Less Non-Same Store				
Revenues	(1,681)	(1,473)	(3,225)	(4,846)
Operating expenses	620	741	1,189	2,487
Operating income	(304)	(1,079)	(645)	(1,079)
Same Store NOI	<u>\$ 28,664</u>	<u>\$ 28,485</u>	<u>\$ 56,929</u>	<u>\$ 56,843</u>

- (1) Adjustment to net income (loss) to exclude certain property operating expenses that are casualty-related expenses.
- (2) Represents additional cleaning, disinfecting and other costs incurred at the properties related to COVID-19 that are not reflective of the continuing operations of the properties.
- (3) Adjustment to net income (loss) to exclude certain property general and administrative expenses that are not reflective of the continuing operations of the properties or are incurred on our behalf at the property for expenses such as legal, professional and franchise tax fees.

### NOI and Same Store NOI for the three months ended March 31, 2021

The following table, which has not been adjusted for the effects of noncontrolling interests, reconciles our NOI and our Q1 Same Store NOI for the three months ended March 31, 2021 to net loss, the most directly comparable GAAP financial measure (in thousands):

	For the Three Months Ended March 31, 2021
Net loss	\$(6,900)
Adjustments to reconcile net income to NOI:	
Advisory and administrative fees	1,868
Corporate general and administrative expenses	2,940
Casualty-related expenses	(1) 42
Pandemic expense	(2) 24
Property general and administrative expenses	(3) 233
Depreciation and amortization	20,758
Interest expense	10,616
NOI	<u>\$29,581</u>
Less Non-Same Store	
Revenues	(1,544)
Operating expenses	571
Operating income	(341)
Same Store NOI	<u>\$28,267</u>

- (1) Adjustment to net loss to exclude certain property operating expenses that are casualty-related expenses.
- (2) Represents additional cleaning, disinfecting, PPE and other costs incurred at the properties related to COVID-19.
- (3) Adjustment to net loss to exclude certain property general and administrative expenses that are not reflective of the continuing operations of the properties or are incurred on our behalf at the property for expenses such as legal, professional and franchise tax fees.

## Reconciliation of Debt to Net Debt

(dollar amounts in thousands)

	Q2 2021	Q2 2020
Total mortgage debt	\$ 1,234,515	\$ 1,151,500
Credit facilities	250,000	225,000
Total debt outstanding	1,484,515	1,376,500
Adjustments to arrive at net debt:		
Cash and cash equivalents	(26,489)	(53,171)
Restricted cash held for value-add upgrades and green improvements	(9,322)	(10,790)
Net Debt	\$ 1,448,704	\$ 1,312,539
Enterprise Value (1)	\$ 2,831,704	\$ 2,171,539
Leverage Ratio	51 %	60 %

(1) Enterprise Value is calculated as Market Capitalization plus Net Debt.

## Guidance Reconciliations of NOI, Same Store NOI, NOI, FFO, Core FFO and AFFO

The following table, which has not been adjusted for the effects of noncontrolling interests, reconciles NOI to net income (loss) (the most directly comparable GAAP financial measure) for the periods presented below (in thousands):

		For the Year Ended December 31, 2021 Mid-Point (1)	For the Three Months Ended September 30, 2021 Mid-Point (1)
Net loss (income)	\$	3,081	\$ (9,634)
Adjustments to reconcile net loss (income) to NOI:			
Advisory and administrative fees		7,558	1,909
Corporate general and administrative expenses		12,374	3,228
Property general and administrative expenses (2)		250	—
Depreciation and amortization		90,630	24,867
Interest expense		45,400	11,965
Casualty-related recoveries		(2,379)	—
Loss on extinguishment of debt and modification costs		500	—
Gain on sales of real estate		(32,360)	—
NOI	(3) \$	125,054	\$ 32,335
Less Non-Same Store			
Revenues (4)		(17,915)	
Operating expenses (4)		6,840	
Operating income (4)		(883)	
Same Store NOI	\$	113,096	

- (1) Mid-Point estimates shown for full year and third quarter 2021 guidance. Assumptions made for full year and second quarter 2021 NOI guidance include the Same Store operating growth projections included in the “2021 Full Year Guidance Summary” section of this release and the effect of the acquisition and dispositions throughout the fiscal year.
- (2) Adjustment to net income to exclude certain property general and administrative expenses that are not reflective of the continuing operations of the properties or are incurred on our behalf at the property for expenses such as legal, professional and franchise tax fees.
- (3) 2021 Pro Forma NOI Guidance takes into effect the acquisitions of Creekside at Matthews and The Verandas at Lake Norman as if they were purchased on January 1, 2021, which would have contributed \$2,500 and \$2,400, respectively, to NOI.
- (4) Amounts are derived from the results of operations of our pro forma Full Year 2021 Same Store properties and Non-Same Store properties. There are 35 properties in our pro forma Full Year 2021 Same Store pool.

The following table reconciles our FFO, Core FFO and AFFO guidance to our net loss (the most directly comparable GAAP financial measure) guidance for the year ended December 31, 2021 (in thousands, except per share data):

	<b>For the Year Ended December 31, 2021</b>	
	<b>Mid-Point</b>	
Net income	\$	3,081
Depreciation and amortization		90,630
Gain on sales of real estate		(32,360)
Adjustment for noncontrolling interests		(179)
<b>FFO attributable to common stockholders</b>		<b>61,172</b>
<b>FFO per share - diluted (2)</b>	<b>\$</b>	<b>2.37</b>
Loss on extinguishment of debt and modification costs		500
Casualty-related recoveries		(2,682)
Amortization of deferred financing costs - acquisition term notes		1,640
Pandemic expense (1)		36
Adjustment for noncontrolling interests		5
<b>Core FFO attributable to common stockholders</b>		<b>60,671</b>
<b>Core FFO per share - diluted (2)</b>	<b>\$</b>	<b>2.35</b>
Amortization of deferred financing costs - long term debt		1,467
Equity-based compensation expense		6,962
Adjustment for noncontrolling interests		(29)
<b>AFFO attributable to common stockholders</b>		<b>69,071</b>
<b>AFFO per share - diluted (2)</b>	<b>\$</b>	<b>2.68</b>
<b>Weighted average common shares outstanding - diluted</b>		<b>25,785</b>

- (1) Represents additional cleaning, disinfecting, PPE and other costs incurred at the properties related to COVID-19 that are not reflective of the continuing operations of the properties
- (2) For purposes of calculating per share data, we assume a weighted average diluted share count of approximately 25.7 million for the full year 2021.