

Investor Presentation

NEXPOINT

REAL ESTATE FINANCE

CAUTIONARY STATEMENTS

FORWARD LOOKING STATEMENTS

This presentation 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 "anticipate", "estimate", "expect," "intend," "may", "should" and similar expressions, and variations or negatives of these words. These forward-looking statements include, but are not limited to, statements regarding the Company's business and industry in general. They are not guarantees of future results and forward-looking statements 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 and Quarterly Reports on Form 10-Q. Readers should not place undue reliance on any forward-looking statements and are encouraged to review the Company's Annual Report on Form 10-K and the Company's other filings with the SEC for a more complete discussion of risks and other factors that could affect any forward-looking statement. The statements made herein speak only as of the date of this presentation and except as required by law, the Company does not undertake any obligation to publicly update or revise any forward-looking statements.

NON-GAAP FINANCIAL MEASURES

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 core earnings, cash available for distribution ("CAD"), debt-service coverage ratio and return on equity. Core earnings is defined as the net income (loss) attributable to our common stockholders computed in accordance with GAAP, including realized gains and losses not otherwise included in net income (loss), excluding any unrealized gains or losses or other similar non-cash items that are included in net income (loss) for the applicable reporting period, regardless of whether such items are included in other comprehensive income (loss), or in net income (loss) and adding back amortization of stock-based compensation. We use core earnings to evaluate our performance which excludes the effects of certain GAAP adjustments and transactions that we believe are not indicative of our current operations and loan performance. We believe providing core earnings as a supplement to GAAP net income (loss) to our investors is helpful to their assessment of our performance. We also use core earnings as a component of the management fee paid to our Manager. Core earnings should not be considered as an alternative or substitute to net income (loss). Our computation of core earnings may not be comparable to core earnings reported by other REITs. We calculate CAD by adjusting GAAP net income (loss), including realized gains and losses not otherwise included in GAAP net income (loss), and excluding non-cash equity compensation, amortization and accretion of purchase premiums and discounts, unrealized gains and losses and certain non-cash items including adjustments to our allowance for loan losses. We believe CAD provides meaningful information to consider in addition to our net income and cash flow from operating activities determined in accordance with GAAP. We believe CAD provides meaningful information that is used by investors, analysts and our management to evaluate our operating performance. We also use CAD when determining our dividend and the long-term viability of our dividend. CAD does not represent net income or cash flows from operating activities and should not be considered as an alternative to GAAP net income, an indication of our GAAP cash flows from operating activities, a measure of our liquidity or an indication of funds available for our cash needs. Our computation of CAD may not be comparable to CAD reported by other REITs. Debt-service coverage ratio is calculated as annualized core earnings, plus interest expense and preferred dividends divided by interest expense. Return on equity is calculated as core earnings per share divided by book value per share.

ADDITIONAL INFORMATION

For additional information, see our filings with the SEC. Our filings with the SEC are available on our website, nref.nexpoint.com, under the "Investor Relations" tab.

PRESENTERS

**MATT
MCGRANER**



Chief
Investment
Officer

**MATTHEW
GOETZ**



SVP of
Investments &
Asset Mgmt.

**PAUL
RICHARDS**



VP of
Originations &
Investments

**BRIAN
MITTS**



Chief Financial
Officer

COMPANY OVERVIEW

Company Overview

NexPoint Real Estate Finance is a publicly traded mortgage REIT ("mREIT"), with its shares listed on the New York Stock Exchange under the symbol "NREF." The Company primarily concentrates on investments in real estate sectors where its senior management team has operating expertise, including in **single-family rental ("SFR")**, **multifamily** and **self-storage**, predominantly in the top 50 metropolitan statistical areas. The Company focuses on lending or investing in properties that are stabilized or have a "light-transitional" business plan.

NREF is externally managed by NexPoint Real Estate Advisors VII, L.P. ("NREA" or the "Manager"), a subsidiary of NexPoint Advisors, L.P., an SEC-registered investment advisor with extensive real estate and fixed income experience.

Current Portfolio

0%

LAND

0%

HEAVY TRANSITIONAL

<2%

CONSTRUCTION

0%

FOR SALE

Target Investment Criteria



Attractive Risk-Adjusted Returns



Stabilized or Light Transitional Business Plan with **Positive DSCRs**



Desirable and Resilient Property Types: **Single-Family Rental, Multifamily and Self-Storage**



Top 50 MSAs



High-Quality Borrowers / Operators

BUSINESS MODEL / STRATEGY

Defensive Portfolio Characteristics

The current portfolio consists of senior loans, mezzanine debt, preferred equity and common stock investments in short-duration lease-term assets (multifamily, SFR, self-storage) that are geographically diverse in the United States. The portfolio has minimal exposure to construction loans, no heavy transitional loans, no land loans and no for-sale loans. As of January 25, 2021, there are no loans currently in forbearance in our portfolio, unchanged from the end of the third quarter 2020.

MULTIFAMILY

- Historically low losses for Freddie Mac debt issuances secured by multifamily assets, including periods of market stress
- Annual defaults have breached 1.0% of loans outstanding only three times since 1994¹
- Aggregate losses in Freddie Mac's origination history have averaged <5 bps per year dating back to 1994²
- Since 2009 and through February 2021, there have been \$18.9MM in losses on \$424B of combined issuance²
- As of February 25, 2021, \$7.5B of outstanding UPB, representing 2.2% of total securitized UPB, have entered into forbearance²

SINGLE-FAMILY RENTAL

- Although this is a relatively new asset class that was institutionalized in the wake of the global financial crisis, SFR has already exhibited resiliency which has only been further pronounced due to effects from COVID-19
- Current portfolio of SFR loans is capitalized by a secured credit facility with Freddie Mac, is matched in both duration and structure of the underlying loans, has 7.4 years of average weighted term to maturity and a 250 bps interest rate spread³
- Subject to Freddie Mac forbearance program to help mitigate cash flow interruptions to the bondholders, however, no SFR loans are currently in forbearance

SELF-STORAGE

- Limited human interaction and low costs should help the self-storage sector during current unprecedented times
- Historically, self-storage has outperformed other real estate asset types during economic downturns

7.6

YEARS AVERAGE REMAINING TERM⁴

96.1%

OF PORTFOLIO STABILIZED⁴

68.3%

WEIGHTED AVERAGE LOAN TO VALUE⁴

2.04x

WEIGHTED AVERAGE DSCR⁴

(1) FREDDIE MAC; DECEMBER 2020

(2) FREDDIE MAC; February 2021

(3) AS OF DECEMBER 31, 2020

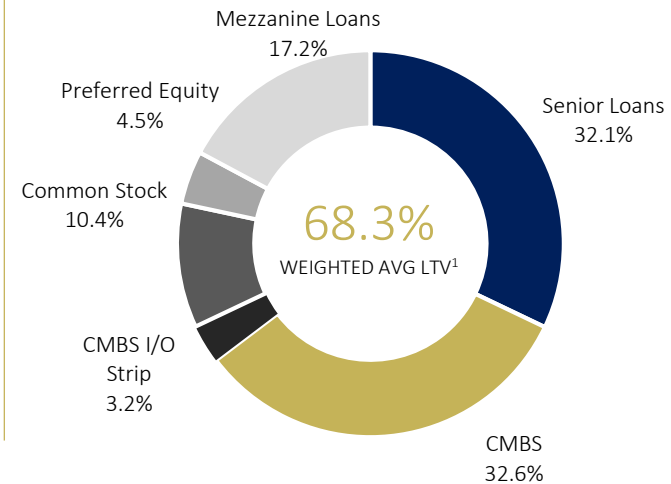
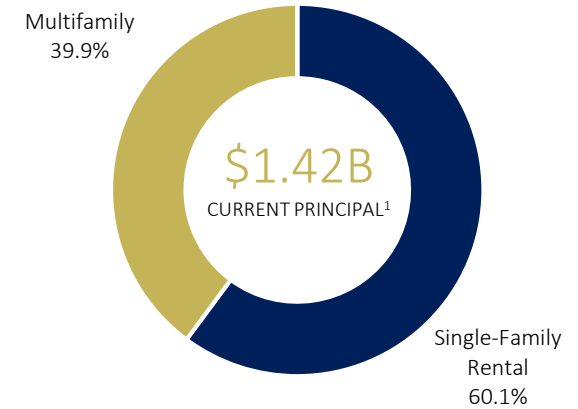
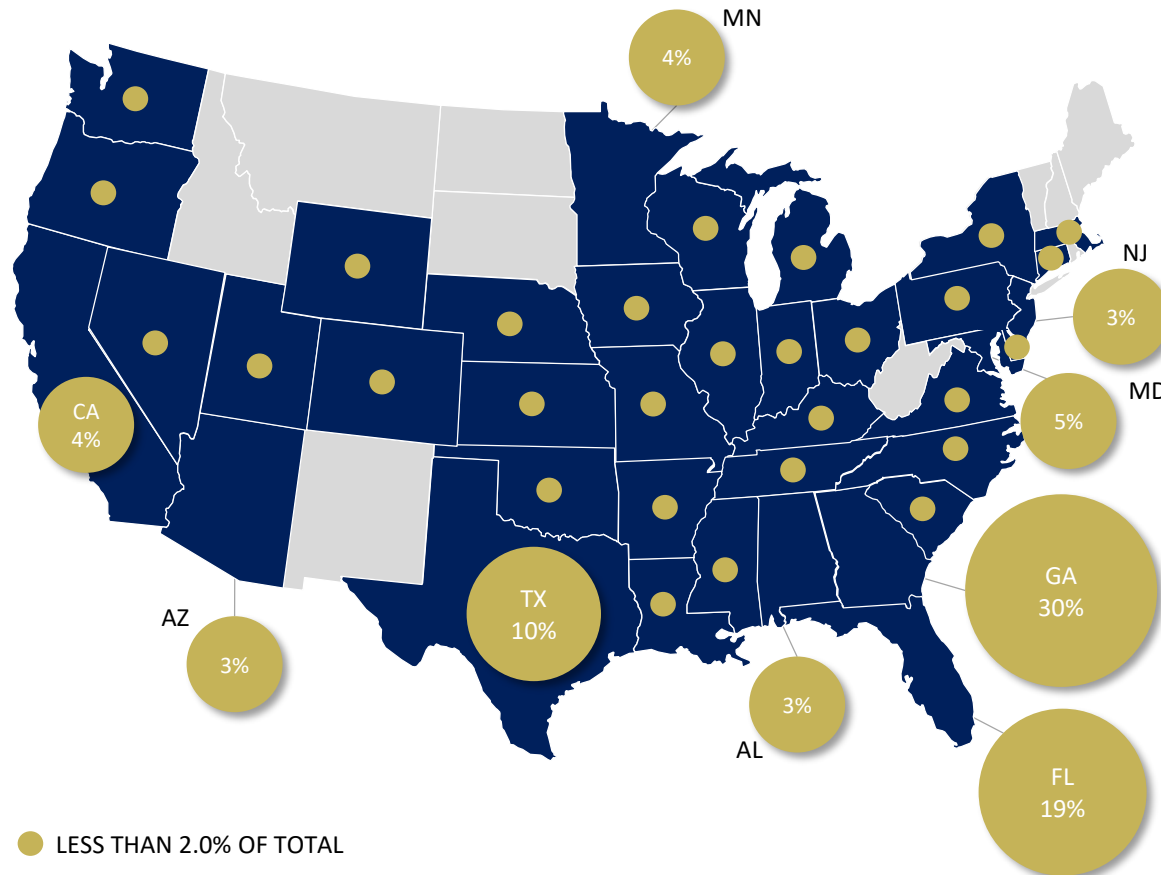
(4) AS OF DECEMBER 31, 2020, INCLUDING THE \$26.4MM MEZZANINE INVESTMENT CLOSED ON JANUARY 21, 2021 AND EXCLUDING THE NEXPOINT STORAGE PARTNERS, INC COMMON STOCK (FORMERLY, JCAP SERIES A PREFERRED)

PORTFOLIO SUMMARY

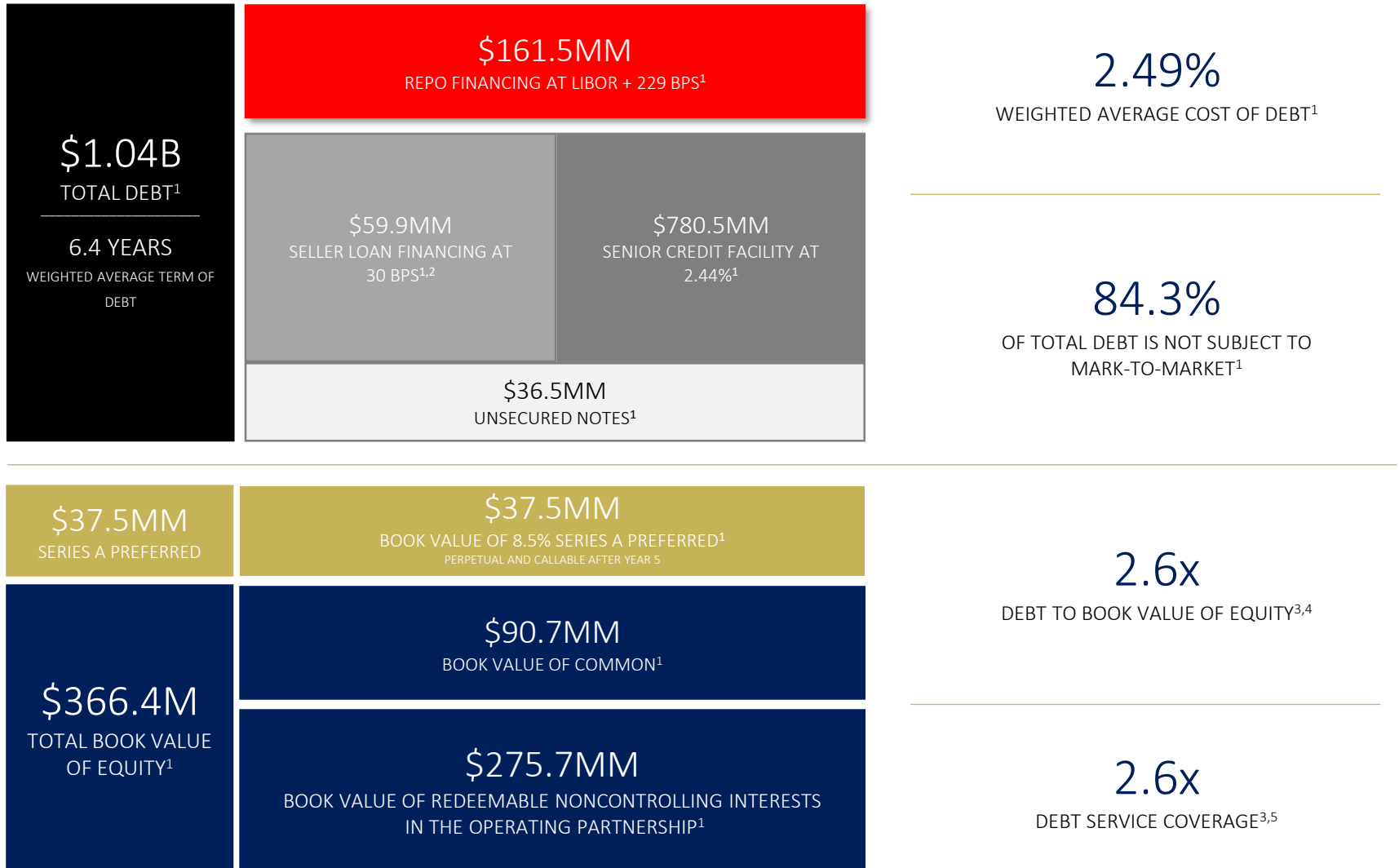
Geographic and Asset Type Exposure

- Diverse geographic exposure with the majority of the portfolio located in the Southeast and Southwest
- Strategically focused on short-duration lease-term property types, with SFR and multifamily consisting of 60.1% and 39.9% of the portfolio, respectively¹
- Majority of the portfolio invested in first mortgages, CMBS B-Pieces, CMBS IO Strips and Mezzanine debt¹

GEOGRAPHIC EXPOSURE¹



CAPITALIZATION



(1) AS OF DECEMBER 31, 2020.

(2) UNDERLYING COLLATERAL FOR SELLER FINANCING IS A POOL OF MEZZANINE LOANS.

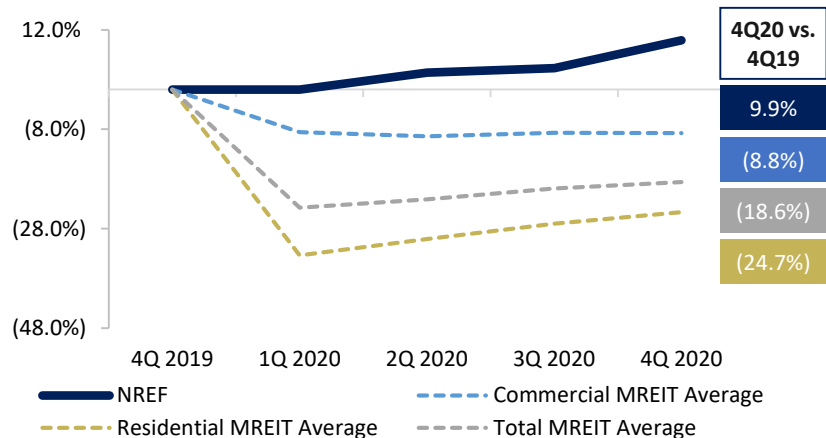
(3) AS OF DECEMBER 31, 2020, CALCULATIONS INCLUDE \$26.4MM MEZZANINE INVESTMENT CLOSED ON JANUARY 21, 2021 AND EXCLUDING THE NEXPOINT STORAGE PARTNERS, INC COMMON STOCK (FORMERLY, JCAP SERIES A PREFERRED).

(4) DEBT TO BOOK VALUE OF EQUITY IS CALCULATED AS TOTAL DEBT DIVIDED BY THE SUM OF THE BOOK VALUE OF EQUITY AND OUTSTANDING PREFERRED EQUITY.

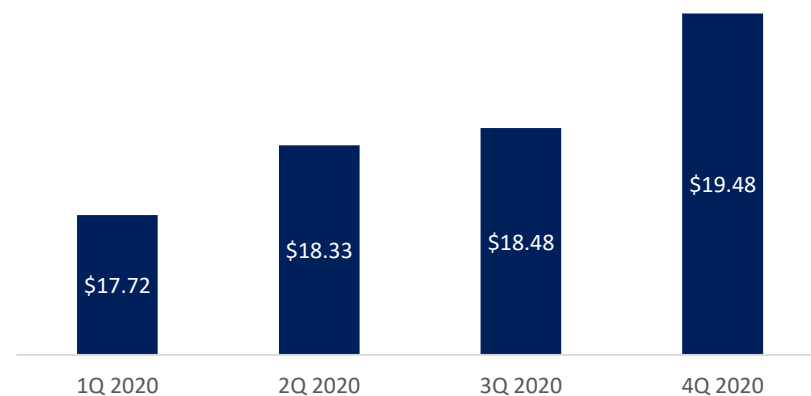
(5) DEBT SERVICE COVERAGE CALCULATED AS 4Q 2020 ANNUALIZED CORE EARNINGS, PRO FORMA FOR POST-QUARTER MEZZ INVESTMENTS AND PARTIAL QUARTER ADJUSTMENTS FOR MID-QUARTER MEZZ INVESTMENTS, PLUS INTEREST EXPENSE AND PREFERRED DIVIDENDS DIVIDED BY INTEREST EXPENSE.

HISTORICAL PERFORMANCE

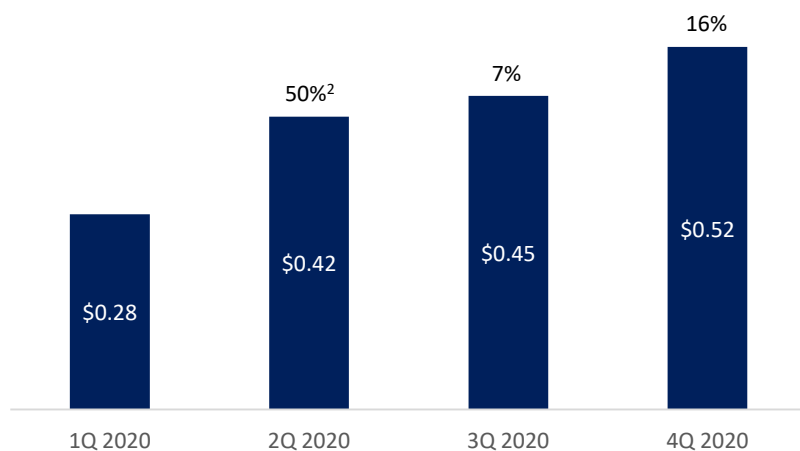
Change in Book Value per Share vs. 4Q 2019¹



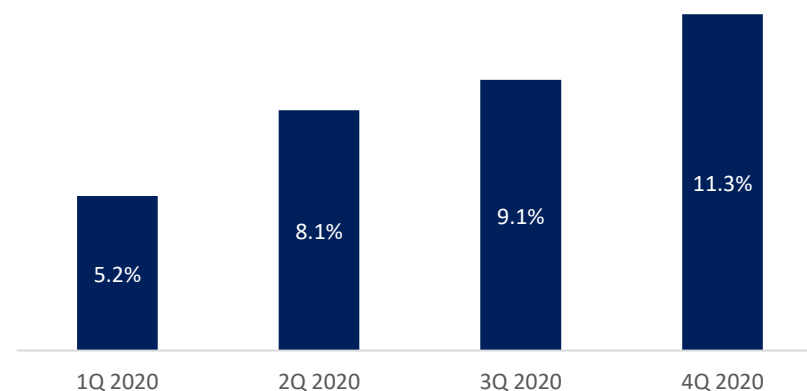
Book Value per Common Share Growth



CAD per Common Share Growth



ROE³



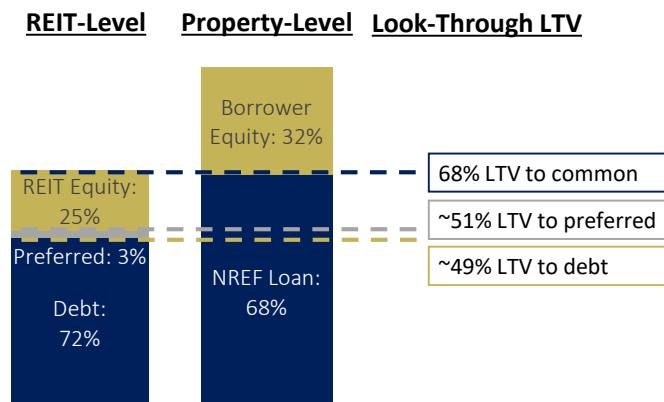
(1) NREF CHANGE IN BOOK VALUE CALCULATED SINCE THE COMPANY HAS BEEN PUBLIC (4Q 2020 VS. 1Q 2020).

(2) NREF CLOSED ITS IPO ON FEBRUARY 11, 2020, AS SUCH, THE QUARTER OVER QUARTER CHANGE SHOWN IN 2Q 2020 IS CALCULATED USING 2Q 2020 CAD PER SHARE DIVIDED BY THE 1Q 2020 STUB PERIOD CAD PER SHARE.

(3) CALCULATED AS ANNUALIZED CORE EARNINGS PER SHARE / BOOK VALUE PER SHARE

SUMMARY HIGHLIGHTS

"Look-Through" Property-Level Leverage^{1,2}



Strong Credit Metrics²

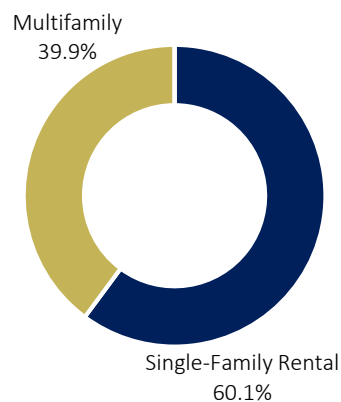
84.3%
non-mark-to-market
debt

2.6x
debt to
book equity + preferred

2.49%
average cost
of debt

2.6x
debt service
coverage ratio³

High-Quality Assets²



96.1%
of portfolio stabilized

7.6 years
average remaining term

Experienced Management Team and Sponsor

- Sponsor, together with its affiliates, manages \$9.3 billion of real estate related investments in the same property types the Company invests in as of December 31, 2020

175
transactions since inception

\$11.7bn
of real estate transaction⁴

NOTE: AS OF DECEMBER 31, 2020 UNLESS OTHERWISE NOTED.

(1) REIT-LEVEL DEBT IS NET OF CASH, REIT EQUITY IS BOOK VALUE

(2) AS OF DECEMBER 31, 2020, INCLUDING THE \$26.4MM MEZZANINE INVESTMENT CLOSED ON JANUARY 21, 2021 AND EXCLUDING THE NEXPOINT STORAGE PARTNERS, INC COMMON STOCK (FORMERLY, JCAP SERIES A PREFERRED)

(3) DEBT SERVICE COVERAGE CALCULATED AS 4Q 2020 ANNUALIZED CORE EARNINGS, PRO FORMA FOR POST-QUARTER MEZZ INVESTMENTS AND PARTIAL QUARTER ADJUSTMENTS FOR MID-QUARTER MEZZ INVESTMENTS, PLUS INTEREST EXPENSE AND PREFERRED DIVIDENDS DIVIDED BY INTEREST EXPENSE.

(4) REAL ESTATE VALUE CALCULATED FROM 2012 THROUGH DECEMBER 31, 2020.

SFR PORTFOLIO

SFR Underlying Portfolio Information

Total SFR Portfolio Information		Total NREF SFR Investment	
Number of Homes	9,384	Current Principal	\$854.4 million
Occupancy ¹	95%	Weighted Average All-In Rate ¹	4.90%
Avg. Monthly Rent / Home ¹	\$1,133	Weighted Average LTV ¹	66.8%
Total Appraised Value	\$1.3 billion	Weighted Average DSCR ¹	1.7x

Senior Loan 1 Underlying Portfolio Information

- The SFR investment portfolio includes a \$508mm investment in a pool of assets with 4,800+ homes held originally held by SFR company Front Yard Residential, which was acquired by SFR company Pretium and sponsor Ares in early 2021
- The acquisition transition was seamless; Pretium / Ares is a strong operator and well-suited borrower / guarantor
- Prepayment on the Front Yard portfolio investment is not economic or likely and would require over 20% yield maintenance premium on average for the portfolio

Senior Loan 1 Portfolio Information		NREF Senior Loan 1 Investment	
Number of Homes	4,814	Current Principal	\$508.7 million
Occupancy	96%	All-In Rate	4.65%
Avg. Monthly Rent / Home	\$1,244	LTV	68.1%
Total Appraised Value	\$746.8 million	DSCR	1.8x

(1) THE WEIGHTED AVERAGE COUPON IS WEIGHTED ON CARRYING VALUE.

K-SERIES PORTFOLIO

CMBS Underlying Portfolio Information

- All five outstanding CMBS-B Piece investments are part of Freddie Mac K-Deal securitizations, which are secured by assets with some of the industry's lowest delinquency and vacancy rates along with other strong portfolio fundamentals
- NREF also has six outstanding CMBS I/O Strips that consist of interest-only tranches of Freddie Mac structured pass through certificates with underlying portfolios of fixed-rate mortgage loans secured by stabilized multifamily properties

Portfolio Information

Number of Properties	359
Occupancy ¹	94%
Total Appraised Value	\$18.7 billion
Weighted Average LTV ¹	66.2%
Weighted Average DSCR ¹	2.4x

NREF K-Series Investment

Carrying Value	\$315.1 million
Net Equity	\$153.6 million
All-In Rate ¹	4.98%

APPENDICES

APPENDIX: PORTFOLIO

\$s IN 0,000s EXCEPT PER SHARE DATA

#	Investment ¹	Location	Property Type	Investment Date	Current Principal	Net Equity ²	Coupon ³	Remaining Term ⁴	Loan to Value	DSCR
1	Senior Loan	Various	SFR	2/11/2020	\$508,700	\$82,368	4.65%	7.7	68.1%	
2	Senior Loan	Various	SFR	2/11/2020	62,023	9,998	4.95%	8.2	65.0%	
3	Senior Loan	Various	SFR	2/11/2020	51,362	8,071	4.74%	4.8	54.2%	
4	Senior Loan	Various	SFR	2/11/2020	38,155	6,239	5.55%	7.8	72.8%	
5	Senior Loan	Various	SFR	2/11/2020	17,213	2,818	5.61%	8.1	64.4%	
6	Senior Loan	Various	SFR	2/11/2020	15,300	2,327	5.46%	2.8	55.8%	
7	Senior Loan	Various	SFR	2/11/2020	12,247	1,985	5.54%	7.8	66.6%	
8	Senior Loan	Various	SFR	2/11/2020	10,598	1,733	5.60%	7.9	73.1%	
9	Senior Loan	Various	SFR	2/11/2020	10,513	1,697	5.30%	7.7	69.5%	
10	Senior Loan	Various	SFR	2/11/2020	10,184	1,669	5.72%	7.9	65.3%	
11	Senior Loan	Various	SFR	2/11/2020	10,570	1,675	5.35%	7.1	71.7%	
12	Senior Loan	Various	SFR	2/11/2020	10,523	1,658	4.72%	5.2	63.2%	
13	Senior Loan	Various	SFR	2/11/2020	9,621	1,571	6.10%	7.8	72.4%	
14	Senior Loan	Various	SFR	2/11/2020	9,198	1,500	5.88%	8.0	56.2%	
15	Senior Loan	Various	SFR	2/11/2020	8,229	1,346	5.85%	7.8	71.6%	
16	Senior Loan	Various	SFR	2/11/2020	7,842	1,284	5.47%	8.1	56.0%	
17	Senior Loan	Various	SFR	2/11/2020	7,716	1,250	5.34%	8.1	73.2%	
18	Senior Loan	Various	SFR	2/11/2020	7,561	1,222	5.08%	7.5	56.2%	
19	Senior Loan	Various	SFR	2/11/2020	6,783	1,095	5.46%	8.2	71.2%	
20	Senior Loan	Various	SFR	2/11/2020	6,334	1,033	5.47%	7.8	72.9%	
21	Senior Loan	Various	SFR	2/11/2020	6,650	1,026	4.83%	3.1	68.1%	
22	Senior Loan	Various	SFR	2/11/2020	5,760	940	5.99%	7.9	70.0%	
23	Senior Loan	Various	SFR	2/11/2020	5,637	915	5.24%	7.8	57.0%	
24	Senior Loan	Various	SFR	2/11/2020	5,573	843	5.33%	2.6	66.5%	
25	Senior Loan	Various	SFR	2/11/2020	5,338	866	5.46%	8.0	73.1%	
26	Senior Loan	Various	SFR	2/11/2020	4,736	765	5.35%	8.1	74.0%	
Total SFR					854,365	137,895	4.90%	7.4	66.8%	

APPENDIX: PORTFOLIO

\$s IN 0,000s EXCEPT PER SHARE DATA

#	Investment ¹	Location	Property Type	Investment Date	Current Principal	Net Equity ²	Coupon ³	Remaining Term ⁴	Loan to Value	DSCR
1	CMBS B-Piece	Various	Multifamily	2/11/2020	\$67,819 ⁵	\$31,162	6.14% ⁶	5.2	65.2%	
2	CMBS B-Piece	Various	Multifamily	2/11/2020	50,861 ⁵	25,629	6.14% ⁶	5.9	65.2%	
3	CMBS B-Piece	Various	Multifamily	4/23/2020	81,999 ⁵	29,739	3.50% ⁷	9.2	63.8%	
4	CMBS B-Piece	Various	Multifamily	7/30/2020	67,154 ⁵	30,217	9.14% ⁸	6.4	65.2%	
5	CMBS B-Piece	Various	Multifamily	8/6/2020	108,643 ⁵	22,897	NA	9.5	69.0%	
Total CMBS B-Pieces					376,476⁵	139,646	4.33%	7.6	66.0%	
1	CMBS IO Strip	Various	Multifamily	4/15/2020	\$852 ⁹	\$424	3.40%	16.1	61.5%	
2	CMBS IO Strip	Various	Multifamily	4/15/2020	732 ⁹	321	2.93%	17.0	65.3%	
3	CMBS IO Strip	Various	Multifamily	5/18/2020	2,459 ⁹	919	2.02%	25.7	66.2%	
4	CMBS IO Strip	Various	Multifamily	8/6/2020	8,775 ⁹	3,119	0.10%	9.5	69.0%	
5	CMBS IO Strip	Various	Multifamily	8/6/2020	1,854 ⁹	615	0.10%	9.5	69.0%	
6	CMBS IO Strip	Various	Multifamily	8/6/2020	24,362 ⁹	8,562	2.98%	9.5	69.0%	
Total CMBS IO Strip					39,033	13,960	2.17%	22.0	68.6%	
1	Mezzanine	Houston, TX	Multifamily	6/12/2020	\$7,500	7,500	11.00% ¹⁰	2.5	79.3%	
2	Mezzanine	Philadelphia, PA	Multifamily	10/20/2020	14,253	5,815	7.59%	8.4	89.4%	
3	Mezzanine	Laurel, MD	Multifamily	10/20/2020	12,000	4,896	7.71%	10.3	84.9%	
4	Mezzanine	White Marsh, MD	Multifamily	10/20/2020	10,380	4,235	7.42%	10.5	84.8%	
5	Mezzanine	Cockeysville, MD	Multifamily	10/20/2020	9,610	3,921	7.42%	10.5	84.3%	
6	Mezzanine	Laurel, MD	Multifamily	10/20/2020	7,390	3,015	7.42%	10.5	80.3%	
7	Mezzanine	North Aurora, IL	Multifamily	10/20/2020	6,829	2,786	7.53%	8.0	71.0%	
8	Mezzanine	Lakewood, NJ	Multifamily	10/20/2020	5,540	2,260	7.33%	8.3	81.1%	
9	Mezzanine	Wilmington, DE	Multifamily	10/20/2020	5,470	2,232	7.50%	8.3	89.3%	
10	Mezzanine	Urbandale, IA	Multifamily	10/20/2020	4,010	1,636	7.89%	7.8	79.2%	
11	Mezzanine	Daytona Beach, FL	Multifamily	10/20/2020	3,700	1,510	7.83%	7.8	86.3%	
12	Mezzanine	Rosedale, MD	Multifamily	10/20/2020	3,620	1,477	7.42%	10.5	83.3%	
13	Mezzanine	Atlanta, GA	Multifamily	10/20/2020	3,310	1,350	6.91%	8.5	80.3%	
14	Mezzanine	Temple Hills, MD	Multifamily	10/20/2020	3,000	1,224	7.32%	10.6	83.1%	
15	Mezzanine	Des Moines, IA	Multifamily	10/20/2020	2,880	1,175	7.89%	7.8	81.6%	

*SEE FOOTNOTES ON FOLLOWING PAGE

APPENDIX: PORTFOLIO

\$s IN 0,000s EXCEPT PER SHARE DATA

#	Investment ¹	Location	Property Type	Investment Date	Current Principal	Net Equity ²	Coupon ³	Remaining Term ⁴	Loan to Value	DSCR
16	Mezzanine	Tyler, TX	Multifamily	10/20/2020	2,135	871	7.74%	7.8	83.1%	
17	Mezzanine	Temple Hills, MD	Multifamily	10/20/2020	1,500	612	7.22%	10.6	78.6%	
18	Mezzanine	Las Vegas, NV	Multifamily	10/20/2020	1,190	486	7.71%	8.2	75.5%	
19	Mezzanine	Vancouver, WA	Multifamily	10/20/2020	1,082	441	8.70%	9.8	84.3%	
20	Mezzanine	Los Angeles, CA	Multifamily	1/21/2021	24,844	24,844	13.25% ¹¹	3.0	89.9%	
21	Mezzanine	Los Angeles, CA	Multifamily	1/21/2021	1,541	1,541	13.25% ¹¹	1.0	5.6%	
Total Mezzanine					131,784	73,827	8.86%	7.6	83.5%	
1	Preferred Equity	Jackson, MS	Multifamily	2/11/2020	\$5,056	\$5,278	12.50%	6.9	75.6%	
2	Preferred Equity	Corpus Christi, TX	Multifamily	2/11/2020	3,821	3,941	15.25%	1.6	55.8%	
3	Preferred Equity	Houston, TX	Multifamily	5/29/2020	10,000	10,000	11.00% ¹²	9.3	82.9%	
Total Preferred Equity					18,877	19,219	12.26%	7.1	75.4%	
1	Common Stock	N/A	Self-Storage	11/6/2020	N/A	\$44,626	N/A	N/A	N/A	
Portfolio Total					\$1,420,535	\$429,171	5.24%	7.6	68.3%	2.04x

- (1) OUR TOTAL PORTFOLIO REPRESENTS THE CURRENT PRINCIPAL AMOUNT OF THE CONSOLIDATED SFR LOANS, THE MEZZANINE LOAN, PREFERRED EQUITY, AND COMMON STOCK AS WELL AS THE NET EQUITY OF OUR CMBS B-PIECE INVESTMENTS.
- (2) NET EQUITY REPRESENTS THE CARRYING VALUE LESS BORROWINGS.
- (3) THE WEIGHTED AVERAGE COUPON IS WEIGHTED ON THE CURRENT PRINCIPAL BALANCE.
- (4) THE WEIGHTED AVERAGE LIFE IS WEIGHTED ON THE CURRENT PRINCIPAL BALANCE AND ASSUMES NO PREPAYMENTS. THE MATURITY DATE USED FOR PREFERRED EQUITY INVESTMENTS REPRESENTS THE MATURITY DATE OF THE SENIOR MORTGAGE, AS THE PREFERRED EQUITY INVESTMENTS HAVE NO STATED MATURITY DATE AND REQUIRE REPAYMENT UPON THE SALE OR REFINANCING OF THE ASSET.
- (5) THE CMBS B-PIECES ARE SHOWN ON AN UNCONSOLIDATED BASIS REFLECTING THE VALUE OF OUR INVESTMENTS.
- (6) FLOATING RATE CMBS B-PIECE YIELDS 1M LIBOR PLUS 600 BPS. AS OF DECEMBER 31, 2020, 1M LIBOR WAS 0.14388%.
- (7) FIXED RATE CMBS B-PIECE HAS A BOND EQUIVALENT YIELD OF APPROXIMATELY 10.75%, WAC OF 3.62% AND CURRENT YIELD OF 6.10%.
- (8) FLOATING RATE CMBS B-PIECE YIELDS 1M LIBOR PLUS 900BPS. AS OF DECEMBER 31, 2020, 1M LIBOR WAS 0.14388%
- (9) CURRENT PRINCIPAL FOR CMBS IO STRIPS ARE SHOWN AS CURRENT COST
- (10) MEZZANINE INVESTMENT IS FIXED AND PAYS 6.5% CURRENT INTEREST, PAID MONTHLY, WITH THE REMAINING 4.50% ACCRUING AND DUE AT MATURITY
- (11) MEZZANINE INVESTMENT YIELDS WSJ PRIME PLUS 1000 BPS. AS OF FEBRUARY 17, 2020, WSJ PRIME WAS 3.25%
- (12) COMMON STOCK CONSISTS OF NEXPOINT STORAGE PARTNERS, INC.

APPENDIX: RECONCILIATIONS

\$s IN 0,000s EXCEPT PER SHARE DATA OR AS OTHERWISE INDICATED

Reconciliation of Net Income (Loss) to Core Earnings & ROE

	1Q 2020	2Q 2020	3Q 2020	4Q 2020
Net income attributable to common stockholders	\$(6,353)	\$5,270	\$2,862	\$9,320
Adjustments:				
Amortization of stock-based compensation	-	39	252	256
Loan loss provision, net	59	23	(12)	25
One-time non-cash items	-	-	-	(1,053)
Unrealized (gains) or losses	7,473	(3,387)	(777)	(5,571)
Core Earnings attributable to common stockholders	\$1,179	\$1,944	\$2,325	\$2,977
Weighted average common shares outstanding, basic	5,223	5,263	5,261	5,087
Weighted average common shares outstanding, diluted ¹	5,223	5,292	5,550	5,377
Dividend per common share	\$0.22	\$0.40	\$0.40	\$0.40
Core earnings per diluted weighted average share	\$0.23	\$0.37	\$0.42	\$0.55
Annualized Core earnings per diluted share	\$0.92	\$1.48	\$1.68	\$2.20
Book Value per Share	\$17.72	\$18.33	\$18.48	\$19.48
Return on Equity	5.2%	8.1%	9.1%	11.3%

Reconciliation of Debt to Equity²

Credit Facility	\$840,453
Master repurchase agreements	161,465
Senior unsecured notes	36,500
Total debt	\$1,038,418
Series A preferred stock	37,510
Redeemable NCI in the Operating Partnership	275,670
Total stockholders equity	90,733
Total Equity	\$366,403
Total Equity including Series A preferred stock	\$403,913
Debt to equity ratio	2.57x
Debt to equity excluding Series A preferred	2.83x

APPENDIX: RECONCILIATIONS

\$s IN 0,000s EXCEPT PER SHARE DATA OR AS OTHERWISE INDICATED

Reconciliation of Net Income (Loss) to Cash Available for Distribution

	<u>1Q 2020</u>	<u>2Q 2020</u>	<u>3Q 2020</u>	<u>4Q 2020</u>
Net income attributable to common stockholders	\$(6,333)	\$5,270	\$2,862	\$9,320
Adjustments:				
Amortization of stock-based compensation	-	39	252	256
Amortization of premiums	294	555	628	681
Loan loss provision, net	59	23	(12)	25
Change in unrealized loss on investments held at fair value	7,473	(3,387)	(777)	(5,571)
Accretion of discounts	-	(113)	(282)	(646)
One-time non-cash items ¹	-	-	-	(1,053)
Stock dividends	-	(171)	(155)	(193)
Cash Available for Distribution	\$1,473	\$2,215	\$2,515	\$2,819
Weighted average common shares outstanding, basic	5,223	5,263	5,261	5,087
Weighted average common shares outstanding, diluted ²	5,223	5,292	5,550	5,377
Cash available for distribution per weighted average share	\$0.28	\$0.42	\$0.45	\$0.52
Dividend	\$0.22	\$0.40	\$0.40	\$0.40
Dividend coverage ratio	1.27x	1.05x	1.13x	1.30x

Reconciliation of Debt Service Coverage Ratio

	<u>4Q 2020</u>	<u>Annualized 4Q 2020</u>
Core Earnings	\$8,442	\$33,768
Adjustments:		
Net interest income impact from mid-quarter mezzanine investments ³	398	1,592
Interest Income from subsequent mezzanine investments ⁴	871	3,485
Preferred dividend	874	3,496
Interest expense	6,663	26,652
Full interest expense impact from mid-quarter mezzanine investments ³	12	48
Pro Forma Cash Available for Debt Service	\$17,260	\$69,040
Interest expense	\$6,663	\$26,652
Full interest expense impact from mid-quarter mezzanine investments ³	12	48
Pro forma interest expense	\$6,675	\$26,700
Debt Service Coverage Ratio	2.6x	2.6x

- (1) ONE-TIME NON-CASH ITEM IS THE MAKE-WHOLE PREMIUM APPLICABLE TO COMMON SHAREHOLDERS IN THE PREFERRED STOCK INVESTMENT CONVERSION TO COMMON STOCK
(2) WEIGHTED AVERAGE DILUTED SHARES OUTSTANDING DOES NOT INCLUDE DILUTIVE EFFECT OF REDEEMABLE NON-CONTROLLING INTERESTS
(3) STUB PERIOD ADJUSTMENT FOR \$98 MILLION MID-QUARTER MEZZANINE INVESTMENT WITH AVERAGE COUPON OF 7.5% CLOSED ON OCTOBER 20, 2020
(4) \$26.4MM MEZZANINE INVESTMENT WITH AVERAGE COUPON OF 13.25% CLOSED ON JANUARY 21, 2021