

UNITED STATES
SECURITIES AND EXCHANGE COMMISSION
Washington, D.C. 20549

FORM 10-K

(Mark One)

☒ ANNUAL REPORT PURSUANT TO SECTION 13 OR 15(d) OF THE SECURITIES EXCHANGE ACT OF 1934

For the fiscal year ended December 31, 2025

OR

☐ TRANSITION REPORT PURSUANT TO SECTION 13 OR 15(d) OF THE SECURITIES EXCHANGE ACT OF 1934

For the transition period from _____ to _____

Commission File Number 001-32921

NexPoint Diversified Real Estate Trust

(Exact Name of Registrant as Specified in Its Charter)

Delaware
(State or other Jurisdiction of
Incorporation or Organization)

300 Crescent Court, Suite 700, Dallas, Texas
(Address of Principal Executive Offices)

80-0139099
(I.R.S. Employer
Identification No.)

75201
(Zip Code)

(214) 276-6300

(Telephone Number, Including Area Code)

Securities registered pursuant to Section 12(b) of the Securities Exchange Act of 1934:

Title of each class	Trading Symbol	Name of each exchange on which registered
Common Shares, par value \$0.001 per share	NXDT	New York Stock Exchange; NYSE Texas, Inc.
5.50% Series A Cumulative Preferred Shares, par value \$0.001 per share (\$25.00 liquidation preference per share)	NXDT-PA	New York Stock Exchange

Securities registered pursuant to Section 12(g) of the Act:

None.

Indicate by check mark if the registrant is a well-known seasoned issuer, as defined in Rule 405 of the Securities Act. Yes ☐ No ☒

Indicate by check mark if the registrant is not required to file reports pursuant to Section 13 or Section 15(d) of the Act. Yes ☐ No ☒

Indicate by check mark whether the registrant (1) has filed all reports required to be filed by Section 13 or 15(d) of the Securities Exchange Act of 1934 during the preceding 12 months (or for such shorter period that the registrant was required to file such reports), and (2) has been subject to such filing requirements for the past 90 days. Yes ☒ No ☐

Indicate by check mark whether the registrant has submitted electronically every Interactive Data File required to be submitted pursuant to Rule 405 of Regulation S-T (§232.405 of this chapter) during the preceding 12 months (or for such shorter period that the registrant was required to submit such files). Yes ☒ No ☐

Indicate by check mark whether the registrant is a large accelerated filer, an accelerated filer, a non-accelerated filer, a smaller reporting company, or an emerging growth company. See the definitions of “large accelerated filer,” “accelerated filer,” “smaller reporting company,” and “emerging growth company” in Rule 12b-2 of the Exchange Act.

Large Accelerated Filer	☐	Accelerated Filer	☐
Non-Accelerated Filer	☒	Smaller reporting company	☒
Emerging growth company	☐		

If an emerging growth company, indicate by check mark if the registrant has elected not to use the extended transition period for complying with any new or revised financial accounting standards provided pursuant to Section 13(a) of the Exchange Act. ☐

Indicate by check mark whether the registrant has filed a report on and attestation to its management's assessment of the effectiveness of its internal control over financial reporting under Section 404(b) of the Sarbanes-Oxley Act (15 U.S.C. 7262(b)) by the registered public accounting firm that prepared or issued its audit report. ☐

If securities are registered pursuant to Section 12(b) of the Act, indicate by check mark whether the financial statements of the registrant included in the filing reflect the correction of an error to previously issued financial statements. ☐

Indicate by check mark whether any of those error corrections are restatements that required a recovery analysis of incentive-based compensation received by any of the registrant’s executive officers during the relevant recovery period pursuant to §240.10D-1(b). ☐

Indicate by check mark whether the registrant is a shell company (as defined in Rule 12b-2 of the Exchange Act). Yes ☐ No ☒

The aggregate market value of the common equity of the registrant held by non-affiliates of the registrant, based upon the closing price of such shares on June 30, 2025, the last business day of the registrant’s most recently completed second fiscal quarter, was approximately \$153,295,464.

As of March 31, 2026, the registrant had 50,219,590 common shares, par value \$0.001 per share, outstanding.

DOCUMENTS INCORPORATED BY REFERENCE

Portions of the proxy statement for the registrant’s 2026 Annual Meeting of Shareholders are incorporated by reference in Part III of this Form 10-K.

Auditor Firm Id: 185 Auditor Name: KPMG, LLP Auditor Location: Dallas, Texas, United States

NEXPOINT DIVERSIFIED REAL ESTATE TRUST

Form 10-K
Year Ended December 31, 2025

INDEX

	Page
 <u>PART I</u>	
Item 1. Business	1
Item 1A. Risk Factors	13
Item 1B. Unresolved Staff Comments	57
Item 1C. Cybersecurity	57
Item 2. Properties	59
Item 3. Legal Proceedings	60
Item 4. Mine Safety Disclosures	60
 <u>PART II</u>	
Item 5. Market for Registrant's Common Equity, Related Shareholder Matters and Issuer Purchases of Equity Securities	61
Item 6. [Reserved]	61
Item 7. Management's Discussion and Analysis of Financial Condition and Results of Operations	62
Item 7A. Quantitative and Qualitative Disclosures About Market Risk	86
Item 8. Financial Statements and Supplementary Data	86
Item 9. Changes in and Disagreements with Accountants on Accounting and Financial Disclosure	147
Item 9A. Controls and Procedures	147
Item 9B. Other Information	147
Item 9C. Disclosure Regarding Foreign Jurisdictions that Prevent Inspections	147
 <u>PART III</u>	
Item 10. Directors, Executive Officers, and Corporate Governance	148
Item 11. Executive Compensation	148
Item 12. Security Ownership of Certain Beneficial Owners and Management and Related Shareholder Matters	148
Item 13. Certain Relationships and Related Transactions, and Director Independence	148
Item 14. Principal Accounting Fees and Services	148
 <u>PART IV</u>	
Item 15. Exhibit and Financial Statement Schedules	149
Item 16. Form 10-K Summary	154
Signatures	155

Cautionary Statement Regarding Forward-Looking Statements

This annual report (this "Annual Report") contains forward-looking statements within the meaning of the Private Securities Litigation Reform Act of 1995 that are subject to risks and uncertainties. In particular, statements relating to our liquidity and capital resources, our performance and results of operations contain forward-looking statements. Furthermore, all of the statements regarding future financial performance (including market conditions and demographics) are forward-looking statements. We caution investors that any forward-looking statements presented in this Annual Report are based on management's current beliefs and assumptions made by, and information currently available to, management. When used, the words "anticipate," "believe," "expect," "intend," "may," "might," "plan," "potential," "estimate," "project," "target," "should," "will," "would," "result," "goal," "could," "future," "continue," "if," the negative version of these words and similar expressions that do not relate solely to historical matters are intended to identify forward-looking statements. You can also identify forward-looking statements by discussions of strategy, plans or intentions.

Forward-looking statements are subject to risks, uncertainties and assumptions and may be affected by known and unknown risks, trends, uncertainties and factors that are beyond our control. Should one or more of these risks or uncertainties materialize, or should underlying assumptions prove incorrect, actual results may vary materially from those anticipated, estimated or projected. We caution you therefore against relying on any of these forward-looking statements.

Some of the risks and uncertainties that may cause our actual results, performance, liquidity or achievements to differ materially from those expressed or implied by forward-looking statements include, among others, the following:

- Unfavorable changes in economic conditions and their effects on the real estate industry generally and our operations and financial condition, including inflation, rising or high interest rates, new or increased tariffs, tightening monetary policy or recession, which may limit our ability to access funding and generate returns for shareholders;
- Our loans and investments expose us to risks similar to and associated with real estate investments generally;
- Commercial real estate-related investments that are secured, directly or indirectly, by real property are subject to delinquency, foreclosure and loss, which could result in losses to us;
- Risks associated with the ownership of real estate, including dependence on tenants and compliance with laws and regulations related to ownership of real property;
- Risks associated with our investment in diverse issuers, industries and investment forms and classes, both in real estate and in non-real estate sectors, including common equity, preferred equity, options or other derivatives, short sale contracts, secured loans of securities, reverse repurchase agreements, structured finance securities, below investment grade senior loans, bonds, convertible instruments, joint ventures, and emerging markets;
- Fluctuations in interest rate and credit spreads could reduce our ability to generate income on our loans and other investments, which could lead to a significant decrease in our results of operations, cash flows and the market value of our investments;
- The use of leverage to finance our investments;
- Risks associated with our loans and investments in debt instruments;
- Our loans and investments are concentrated in terms of type of interest, geography, asset types, industry and sponsors and may continue to be so in the future;
- We have a substantial amount of indebtedness which may limit our financial and operating activities and may adversely affect our ability to incur additional debt to fund future needs;

- We have limited operating history as a standalone company and may not be able to operate our business successfully, find suitable investments, or generate sufficient revenue to make or sustain distributions to our shareholders;
- We may not replicate the historical results achieved by other entities managed or sponsored by affiliates of NexPoint Advisors, L.P. (“NexPoint” or our “Sponsor”), members of the NexPoint Real Estate Advisors X, L.P. (our “Adviser”) management team or their affiliates.
- We are dependent upon our Adviser and its affiliates to conduct our day-to-day operations; thus, adverse changes in their financial health or our relationship with them could cause our operations to suffer;
- Our Adviser and its affiliates face conflicts of interest, including significant conflicts created by our Adviser’s compensation arrangements with us, including compensation which may be required to be paid to our Adviser if our advisory agreement is terminated, which could result in decisions that are not in the best interests of our shareholders;
- We pay substantial fees and expenses to our Adviser and its affiliates, which payments increase the risk that shareholders will not earn a profit on their investment;
- If we fail to qualify as a real estate investment trust (a “REIT”) for U.S. federal income tax purposes, cash available for distributions to be paid to our shareholders could decrease materially, which would limit our ability to make distributions to our shareholders; and
- Any other risks included under the heading “Risk Factors” in this Annual Report.

While forward-looking statements reflect our good faith beliefs, they are not guarantees of future performance. They are based on estimates and assumptions only as of the date of this Annual Report. We undertake no obligation to update or revise any forward-looking statement to reflect changes in underlying assumptions or factors, new information, data or methods, future events or other changes, except as required by law.

Item 1. Business

General

NexPoint Diversified Real Estate Trust (the “Company”, “we”, “us” or “our”) is an externally advised, publicly traded REIT focused on the acquisition, asset management, development, and disposition of opportunistic, value-add investments in real estate properties throughout the United States. The Company focuses primarily on investing in various commercial real estate property types and across the capital structure, including but not limited to equity, mortgage debt, mezzanine debt and preferred equity. The Company is advised by the Adviser. The Company was formed as a Delaware statutory trust on March 10, 2006 under the name “Highland Credit Strategies Fund” and changed its name to “NexPoint Diversified Real Estate Trust” in 2021, and the Company has elected to be taxed as a REIT. Substantially all of the Company’s business is conducted through NexPoint Diversified Real Estate Trust Operating Partnership, L.P. (the “OP”), the Company’s operating partnership. As of December 31, 2025, there were 44,536,894.47 common units of the OP outstanding, of which 99.96% were owned by the Company. The Company conducts its business (the “Portfolio”) through the OP and its wholly owned taxable REIT subsidiaries (“TRSs”). The Company’s wholly owned subsidiary, NexPoint Diversified Real Estate Trust OP GP, LLC (the “OP GP”), is the sole general partner of the OP.

2025 Highlights

Key highlights and transactions completed in 2025 include the following:

Investments in AMS C-Store JV, LLC

During 2025, the Company, through a subsidiary, invested an aggregate \$16.3 million in AMS C-Store JV, LLC (“AMS”) in exchange for preferred equity interests. The AMS preferred equity provides the Company with an 18% cumulative, compounding preferred return, along with a full return of invested capital before any participation by the common members. AMS serves as a real estate development platform focused on acquiring, developing, and operating newly constructed 7-Eleven convenience store projects across high-growth Texas markets. As of year-end 2025, AMS has begun development of multiple sites, with certain locations already under construction or operating.

NHT Merger

On April 17, 2025, the Company took NexPoint Hospitality Trust (“NHT”) private in a merger transaction (the “NHT Merger”), acquiring all remaining units of NHT (“NHT Units”) which were not previously owned by the Company and fully consolidating the hospitality portfolio under the Company’s sole ownership. For further information regarding this transaction, see Note 2 to our consolidated financial statements.

Marriott Uptown Refinance

On January 21, 2025, Marriott Uptown completed a \$95 million refinancing of a loan held by the special purpose entity that owns Marriott Uptown, generating approximately \$15 million of cash distributions to the Company. On October 20, 2025, the Company received an additional \$3.2 million in cash distributions upon the hotel achieving certain performance thresholds under the refinancing.

Series B Preferred Offering

On January 30, 2025, the Company launched its continuous public offering (the “Series B Preferred Offering”) of up to 16,000,000 shares of its newly designated 9.00% Series B Cumulative Redeemable Preferred Shares, par value \$0.001 per share, liquidation preference \$25.00 per share (“Series B Preferred Shares”) at a price to the public of \$25.00 per share. During the year ended December 31, 2025, the Company issued Series B Preferred Shares for gross proceeds of approximately \$22.4 million before deducting selling commissions, dealer manager fees, and offering costs. The Series B

[Table of Contents](#)

Preferred Offering provides the Company with access to up to \$400 million of gross preferred equity capital. See Note 11 to our consolidated financial statements for additional details.

Share Repurchase Program

On October 28, 2024, the Company's board of trustees (the "Board") authorized a two-year share repurchase program permitting the Company to repurchase up to \$20.0 million of its common shares and its 5.50% Series A Cumulative Preferred Shares, par value \$0.001 per share (the "Series A Preferred Shares"). During 2025, the Company commenced repurchases under the program and repurchased approximately \$1.9 million of its common shares. We may utilize various methods to affect the repurchases, and the timing and extent of the repurchases will depend upon several factors, including market and business conditions, regulatory requirements and other corporate considerations, including whether our common shares or Series A Preferred Shares are trading at a significant discount to net asset value ("NAV") per share. Repurchases under the program may be discontinued at any time. See Note 11 for additional details.

Reportable Segments

The Company has two reportable segments, Diversified and Hospitality. Diversified represents the Company's primary reportable segment and represents a significant majority of the Company's consolidated portfolio. The Diversified reportable segment is the legacy reportable segment and is focused on investing in various commercial real estate property types and across the capital structure, including but not limited to, equity, mortgage, debt, mezzanine debt and preferred equity. The Hospitality segment is focused on operating and renovating its U.S. located hospitality assets that meet its investment objective and criteria.

Our Portfolio

As of December 31, 2025, the Company's Diversified segment includes real estate investments comprised of four operating properties, three of which are rented from the Company for retail, hospitality or office use and one of which is undeveloped, one convertible note investment in a business focused on single-family rental ("SFR") and one promissory note investment in a business focused on self-storage, and 13 equity investments in businesses primarily focused on investing in SFR, self-storage, hospitality, life science or undeveloped real estate, as well as investing in commercial mortgage loans or other structured investments with underlying property types including single-family, multifamily, life science and self-storage. As of December 31, 2025, the Company's Portfolio also includes other investments comprised of its ownership of common and preferred equity, loans, rights and warrants, convertible notes and bonds from a number of diverse issuers and investment vehicles, including litigation claims and midband spectrum frequency licenses. As of December 31, 2025, the Company's Hospitality segment includes real estate investments comprised of four operating properties, which are rented from the Company for hospitality use.

The Company's Portfolio, based on net equity, is comprised of 77.6% real estate investments and 22.4% other investments. See below for a table of our investments as of December 31, 2025 (dollars and shares/units in thousands).

Investment	Investment Date	Real Estate Value	Debt	Net Equity (1)	Location	Property Type
Operating Properties						
Cityplace	8/15/2018	\$ 236,235	\$ 137,577	\$ 96,325	Dallas, Texas (3)	Office, Multifamily & Hospitality
NexPoint Dominion Land, LLC	8/9/2022	26,500	13,208	13,311	Plano, Texas	Land
5916 W Loop 289	7/23/2013	3,445 (2)	—	2,974	Lubbock, Texas	Real Estate Other
White Rock Center	6/13/2013	13,820 (2)	10,000	1,626	Dallas, Texas	Real Estate Other
Dallas Hilton Garden Inn	12/31/2014	30,615 (2)	—	30,615	Dallas, Texas	Hospitality
St. Petersburg Marriott	9/25/2018	46,746 (2)	—	46,746	St. Petersburg, Florida	Hospitality
Hyatt Place Park City	2/15/2022	28,106 (2)	—	28,106	Park City, Utah	Hospitality
Bradenton Hampton Inn & Suites	2/22/2022	31,191 (2)	—	31,191	Bradenton, Florida	Hospitality
Total		416,658	160,785	250,894		

Table of Contents

Real Estate Equity Method Investments	Ownership Percentage	Investment Type	Net Equity (1)	Location
VineBrook Homes Operating Partnership, L.P.	12.3%	Single-Family Rental	\$ 118,599	Various
NexPoint Real Estate Finance Operating Partnership, L.P.	12.9%(2)	Mortgage	56,557	Various
NexPoint Storage Partners, Inc.	53.0%	Self-Storage	51,673	Various
NexPoint Real Estate Finance, Inc.	15.9%	Mortgage	41,568	Various
NexPoint Storage Partners Operating Company, LLC	33.8%	Self-Storage	34,470	Various
NexPoint SFR Operating Partnership, L.P.	28.0%(2)	Single-Family Rental	28,573	Various
Las Vegas Land Owner, LLC	77.0%(4)	Multifamily	12,324	Las Vegas, Nevada
Sandstone Pasadena Apartments, LLC	50.0%	Multifamily	8,114	Pasadena, Texas
LLV Holdco, LLC	26.8%	Land	1,598	Henderson, Nevada
Capital Acquisitions Partners, LLC	20.9%	Multifamily	700	Various
Total			354,176	

Other Real Estate Common Equity	Shares/Units	Investment Type	Net Equity (1)
IQHQ Holdings Class A-1	1,939 (2)	Life Science	\$ 8,104
NexPoint Residential Trust, Inc.	102 (2)	Multifamily	3,062
IQHQ Holdings Class A-2	250 (2)	Life Science	1,045
Total			12,211

DSTs	Shares/Units	Investment Type	Net Equity (1)
NexPoint Semiconductor Manufacturing DST	2,626 (2)	Real Estate Other	\$ 23,959
NexPoint Life Sciences II DST	1,044 (2)	Life Science	9,600
Total			33,559

Real Estate Convertible Notes	Principal Amount	Investment Type	Net Equity (1)
SFR OP Convertible Notes	12,264	Single-Family Rental	\$ 11,994

Real Estate Senior Loans	Principal Amount	Investment Type	Net Equity (1)
LLV Holdco, LLC Revolver	5,200	Land	\$ 4,795

Real Estate Preferred Equity	Principal Amount	Investment Type	Net Equity (1)
AMS C-Store, LLC	18,420	Real Estate Other	\$ 18,420

Real Estate Promissory Notes	Principal Amount	Investment Type	Net Equity (1)
NSP OC Promissory Note	1,876	Self-Storage	\$ 1,862

Other Equity Method Investments	Shares/Units	Investment Type	Net Equity (1)
Perilune Aero Equity Holdings One, LLC	10,310	Aircraft	\$ 12,650
Claymore Holdings, LLC	5,054	Litigation Claims(5)	—
Total			12,650

Other Assets	Net Equity (1)
Preferred Shares	\$ 73,388
Common Equity	72,517 (2)
Senior Loans	40,270
Rights and Warrants	4
Bonds	112
Total	186,291

- (1) Net equity represents the carrying value of the investment. For investments in operating properties, any debt secured by the underlying real property is subtracted from the carrying value of the investment.
- (2) All or part of this investment is pledged as collateral for short sales, margin borrowing or credit facilities.
- (3) Cityplace Tower ("Cityplace") is currently under development, and the Company is converting part of the property into a hotel with multifamily residential floors, which was still under construction as of December 31, 2025.
- (4) The Company owns 100% of Las Vegas Land Owner, LLC ("Tivoli"), a tenants-in-common arrangement (the "TIC") that owns 77% of an 8.5 acre tract of land upon which Tivoli plans to develop a 300 unit multifamily apartment community in Las Vegas, Clark County, Nevada. Through the TIC, the Company shares control and as such accounts for this investment using the equity method.

- (5) The Company owns noncontrolling interests in one limited liability company, Claymore Holdings, LLC, created to hold litigation claims. The probability, timing, and potential amount of recovery, if any, are unknown as of December 31, 2025.

Primary Investment Objective

As a diversified REIT, the Company's primary investment objective is to provide both current income and capital appreciation. Target underlying property types primarily include, but are not limited to, single-family rentals, multifamily, self-storage, life science, office, industrial, hospitality, net lease, retail and small-bay industrial. The Company may, to a limited extent, hold, acquire or transact in certain non-real estate securities.

The Company focuses on opportunistic investments in real estate properties with a value-add component and real estate credit with an objective to increase the cash flow and value of our properties, acquire properties with cash flow growth potential and achieve capital appreciation for shareholders through a value-add program. The Company pursues real estate credit investments based on where the Adviser believes the various real estate subsectors are performing within the broader real estate cycle and tactically allocates its investments among these opportunities.

The Company believes that a diversified investment approach is appropriate for the current market environment. However, to capitalize on investment opportunities at different times in the economic and real estate investment cycle, the Company may change its investment strategy from time to time. The Company believes that the flexibility of the Company's investment strategy and the experience and resources of the Adviser and its affiliates will allow the Company to take advantage of changing market conditions to provide both current income and generate capital appreciation. The Board is able to modify the Company's strategies to the extent it determines it is in the Company's best interest.

Target Investments

We invest primarily in commercial real estate, including operating properties and common equity but also including, but not limited to, mortgage debt, mezzanine debt and preferred equity:

Operating Properties: We make investments in operating properties with a value-add component, including but not limited to retail, hospitality, and office space rented from the Company and land for development.

Common Equity: We make investments in common equity in publicly traded companies and privately held entities focused on investment in real estate across a range of underlying property types.

Mortgage Debt: We expect that we may make investments in mortgage debt on real estate properties. The loans may vary in duration, bear interest at a fixed or floating rate and amortize, typically with a balloon payment of principal at maturity. These investments may include whole loans or pari passu participations within such mortgage debt.

Mezzanine Loans: We expect that we may originate or acquire mezzanine loans. These loans are generally subordinate to the other mortgage debt on a property, but senior to the equity of the borrower. These loans are not secured by the underlying real estate, but generally can be converted into preferred equity of the mortgage borrower or owner of a mortgage borrower, as applicable.

Preferred Equity: We expect that we may make investments that are subordinate to any mortgage or mezzanine loan, but senior to the common equity of the borrower. Preferred equity investments typically receive a preferred return from the issuer's cash flow rather than interest payments and often have the right for such preferred return to accrue if there is insufficient cash flow for current payment. These investments are not secured by the underlying real estate, but upon the occurrence of a default, the preferred equity provider typically has the right to effect a change of control with respect to the ownership of the property.

In addition to investments in real estate, the Company may, to a limited extent, hold, acquire or transact in certain non-real estate securities. The Company's non-real estate investments include its ownership of common equity, preferred equity, loans, collateralized loan obligations ("CLOs"), rights and warrants, convertible notes and bonds from a number of diverse issuers and investment vehicles, including litigation claims and midband spectrum frequency licenses.

Strategic Reallocation of the Portfolio

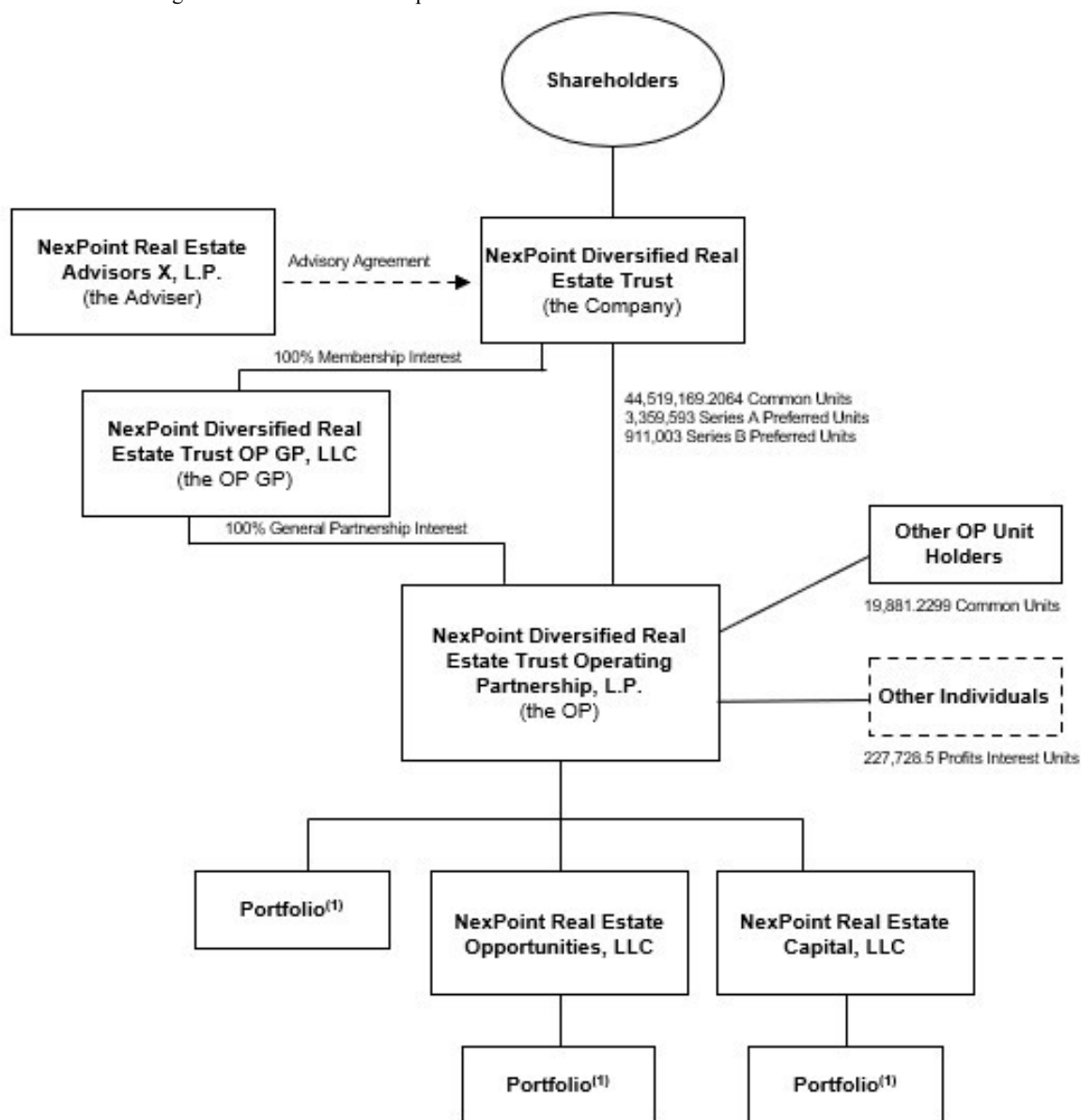
In the coming year, the Company plans to re-focus its asset allocation across sectors in which our Sponsor has extensive experience and expertise. This re-focusing will involve selling legacy assets that do not fall within our core investment strategy. A more favorable capital market environment, with lower interest rates and increased liquidity, is expected to facilitate this process. The Company's objective is to opportunistically sell \$100 million to \$150 million in assets to free up capital for reinvestment in target asset classes such as residential, self-storage, and life sciences.

Our Financing Strategy

While we do not have any formal restrictions or policy with respect to our debt-to-equity leverage ratio, we currently expect that our leverage will not exceed a ratio of 3-to-1. We believe this leverage ratio is prudent given that leverage typically exists at the asset level. The amount of leverage we may employ for particular assets depends upon the availability of particular types of financing and our Adviser's assessment of the credit, liquidity, price volatility and other risks of those assets and financing counterparties. Our decision to use leverage to finance our assets is at the discretion of our Adviser, subject to review by our Board, and is not subject to the approval of our shareholders. We generally intend to match leverage term and structure to that of the underlying investment financed. For additional information on sources of and trends regarding our liquidity, see "Item 7. Management's Discussion and Analysis of Financial Condition and Results of Operations—Liquidity and Capital Resources."

Our Structure

The following chart shows our ownership structure as of the date hereof:



(1) The Portfolio may be held directly or through one or more intermediate entities.

Our Adviser

The Company is externally managed by the Adviser, through an agreement dated July 1, 2022, as amended on October 25, 2022, April 11, 2023, July 22, 2024 and September 19, 2025, (the “Advisory Agreement”), by and among the Company and the Adviser for a term that will expire on July 1, 2026 and successive one-year terms thereafter unless earlier terminated. The Adviser manages the day-to-day operations of the Company and provides investment management services. All of the Company’s investment decisions are made by the Adviser, subject to general oversight by the Adviser’s investment

committee and the Company's Board. The Adviser is wholly owned by our Sponsor. The members of our Adviser's investment committee are James Dondero, Matt McGraner and Paul Richards.

Our Advisory Agreement

We pay our Adviser annual fees. We do not pay any incentive fees to our Adviser. We also generally reimburse our Adviser for operating or offering expenses it incurs on our behalf or in connection with the services it performs for us. The Adviser may, at its discretion and at any time, waive its right to reimbursement for eligible out-of-pocket expenses paid on the Company's behalf. Once waived, those expenses are considered permanently waived and become non-recoupable.

Under the terms of the Advisory Agreement, our Adviser will, among other things:

- identify, evaluate and negotiate the structure of our investments (including performing due diligence);
- find, present and recommend investment opportunities consistent with our investment policies and objectives;
- structure the terms and conditions of our investments;
- review and analyze financial information for each investment in our overall Portfolio;
- close, monitor and administer our investments; and
- identify debt and equity capital needs and procure the necessary capital.

As consideration for the Adviser's services under the Advisory Agreement, we pay our Adviser an annual fee (the "Advisory Fee") of 1.00% of Managed Assets (as defined below) and an annual fee (the "Administrative Fee" and, together with the Advisory Fee, the "Fees") of 0.20% of the Company's Managed Assets. On July 22, 2024, we entered into an amendment to the Advisory Agreement whereby the monthly installment of the Administrative Fee shall be paid in cash and the monthly installment of the Advisory Fee shall be paid one-half in cash and one-half in common shares, subject to certain restrictions. On September 19, 2025, we entered into a further amendment to the Advisory Agreement whereby the monthly installments of the Fees accruing after September 19, 2025 will be paid entirely in cash unless the Adviser elects, in its sole discretion, to receive all or a portion of the monthly installment of the Fees in common shares of the Company, subject to certain restrictions, including that in no event shall the number of common shares issued to the Adviser under the Advisory Agreement exceed 6,000,000 common shares.

Under the Advisory Agreement, "Managed Assets" means an amount equal to the total assets of the Company, including any form of leverage, minus all accrued expenses incurred in the normal course of operations, but not excluding any liabilities or obligations attributable to leverage obtained through (i) indebtedness of any type (including, without limitation, borrowing to purchase or develop real estate or other investments, borrowing through a credit facility, or the issuance of debt securities), (ii) the issuance of preferred shares or other preference securities, (iii) the reinvestment of collateral received for securities loaned in accordance with the Company's investment objectives and policies, and/or (iv) any other means. In the event the Company holds collateralized mortgage-backed securities ("CMBS") where the Company holds the controlling tranche of the securitization and is required to consolidate under generally accepted accounting principles all assets and liabilities of a specific CMBS trust, the consolidated assets and liabilities of the consolidated trust will be netted to calculate the allowable amount to be included as Managed Assets. In addition, in the event the Company consolidates another person it does not wholly own as a result of owning a controlling interest in such person or otherwise, Managed Assets will be calculated without giving effect to such consolidation and instead such person's assets, leverage, expenses, liabilities and obligations will, on a pro rata basis consistent with the Company's percentage ownership, be considered those of the Company for purposes of calculation of Managed Assets. The Adviser computes Managed Assets as of the end of each fiscal quarter and then computes each installment of the Fees as promptly as possible after the end of the month with respect to which such installment is payable.

Incentive compensation may be payable to our executive officers and certain other employees of our Adviser or its affiliates pursuant to a long-term incentive plan adopted by us and approved by our shareholders. Compensation expense is generally not considered when calculating Managed Assets.

We are required to pay directly or reimburse the Adviser for all of the documented “operating expenses” (all out-of-pocket expenses of the Adviser in performing services for us, including but not limited to the expenses incurred by the Adviser in connection with any provision by the Adviser of legal, accounting, financial, due diligence, investor relations or other services performed by the Adviser that outside professionals or outside consultants would otherwise perform and our pro rata share of rent, telephone, utilities, office furniture, equipment, machinery or other office, internal and overhead expenses of the Adviser required for our operations) and any and all expenses (other than underwriters’ discounts) paid or to be paid by us in connection with an offering of our securities, including, without limitation, our legal, accounting, printing, mailing and filing fees and other documented offering expenses (collectively, “Offering Expenses”), paid or incurred by the Adviser or its affiliates in connection with the services it provides to us pursuant to the Advisory Agreement.

We have the right to terminate the Advisory Agreement on 30 days’ written notice upon the occurrence of a cause event (as defined in the Advisory Agreement). The Advisory Agreement can be terminated by us or the Adviser without cause upon the expiration of the then-current term with at least 180 days’ written notice to the other party prior to the expiration of such term. The Adviser may also terminate the agreement with 30 days’ written notice if we have materially breached the agreement and such breach has continued for 30 days before we are given such notice. In addition, the Advisory Agreement will automatically terminate in the event of an Advisers Act Assignment (as defined in the Advisory Agreement) unless we provide written consent. A termination fee will be payable to the Adviser by us upon termination of the Advisory Agreement for any reason, including non-renewal, other than a termination by us upon the occurrence of a cause event or due to an Advisers Act Assignment. The termination fee will be equal to three times the Fees earned by the Adviser during the twelve-month period immediately preceding the most recently completed calendar quarter prior to the effective termination date; provided, however, if the Advisory Agreement is terminated prior to the one year anniversary of the date of the Advisory Agreement, the Fees earned during such period will be annualized for purposes of calculating the Fees.

Under the terms of the Advisory Agreement, the Adviser will indemnify and hold harmless the Company and its subsidiaries, including the OP, from all claims, liabilities, damages, losses, costs and expenses, including amounts paid in satisfaction of judgments, in compromises and settlements, as fines and penalties and legal or other costs and expenses of investigating or defending against any claim or alleged claim, of any nature whatsoever, known or unknown, liquidated or unliquidated, that are incurred by reason of the Adviser’s bad faith, fraud, willful misfeasance, intentional misconduct, gross negligence or reckless disregard of its duties; provided, however, that the Adviser will not be held responsible for any action of our Board in following or declining to follow any written advice or written recommendation given by the Adviser. However, the aggregate maximum amount that the Adviser may be liable to us pursuant to the Advisory Agreement will, to the extent not prohibited by law, never exceed the amount of the Advisory Fees received by the Adviser under the Advisory Agreement prior to the date that the acts or omissions giving rise to a claim for indemnification or liability have occurred. In addition, the Adviser will not be liable for special, exemplary, punitive, indirect, or consequential loss, or damage of any kind whatsoever, including without limitation lost profits. The limitations described in the preceding two sentences will not apply, however, to the extent such damages are determined in a final binding non-appealable court or arbitration proceeding to result from the bad faith, fraud, willful misfeasance, intentional misconduct, gross negligence or reckless disregard of the Adviser’s duties.

The Adviser and its affiliates expect to engage in other business ventures, and as a result, their resources will not be dedicated exclusively to our business. However, pursuant to the Advisory Agreement, the Adviser is required to devote sufficient resources to our administration to discharge its obligations under the Advisory Agreement.

Management of Operating Properties

The Company’s operating properties in the Diversified segment, are managed by NexVest Realty Advisors, LLC (“NexVest”), an affiliate of the Adviser. The property management agreement with NexVest for the retail property in

Lubbock, Texas is dated January 1, 2014 and has a fixed fee of \$1,200 per month. The property management agreement with NexVest for the White Rock Center is dated June 1, 2013, and the management fee is calculated on 4% of gross receipts, payable monthly. The property management agreement with NexVest for the undeveloped property in Plano, Texas is dated September 1, 2024, and the management fee is calculated on 3% of gross receipts, with a minimum fee of \$750 per month. The property management agreement with NexVest for Cityplace is dated August 15, 2018, and the management fee is calculated on 3% of gross revenues, with a minimum fee of \$20,000 per month. The property management agreement with NexVest for Cityplace also allows for the manager, as the agent of CP Tower Owner, LLC ("Owner"), to draw on the operating account when required in connection with the operation or maintenance of the property, the payment of certain expenses defined in the agreement, or as expressly approved in writing by Owner.

The Company's operating properties in the Hospitality segment are managed by affiliates of TPG Hotels & Resorts, Inc., Avion Hospitality, LLC, and Dreamscape Hospitality Management, LLC. The hotel management agreements generally require the Company to pay a base fee to the hotel manager calculated as 2.50% to 2.75% of hotel revenues, plus monthly fees ranging from \$4,500 to \$5,750 for various services such as accounting, revenue management, and E-commerce. The term of the hotel management agreements range from 3 to 5 years and generally automatically renew for successive one-year terms thereafter unless either party provides written notice of intent to terminate 60 to 90 days prior to the expiration of the then-current term. The agreements are terminable by the Company for convenience without penalty upon 30 to 90 days' prior written notice. In addition, the Hospitality segment's hotel agreements generally provide that the hotel manager can earn an incentive fee for revenue or EBITDA over certain thresholds or based on a return over the required preferred return. The Company may employ other hotel managers in the future. The Company does not have any ownership or economic interest in the hotel manager or in any of the hotel management entities.

Competition

Our profitability depends, in large part, on our ability to acquire investments in commercial real estate at attractive prices. We are subject to significant competition in acquiring these investments. In particular, we will compete with a variety of institutional investors, including other REITs, specialty finance companies, public and private funds, commercial and investment banks, hedge funds, mortgage bankers, commercial finance and insurance companies, governmental bodies and other financial institutions, as well as developers, owners, and operators of real estate. We may also compete with our Sponsor and its affiliates for investment opportunities. There are significant potential conflicts of interest that could affect our investment returns. In addition, there are several REITs with similar investment objectives and others may be organized in the future. These other REITs will increase competition for the available supply of commercial real estate investments, including operating properties, common equity mortgage debt, mezzanine debt, preferred equity and other real estate related assets suitable for investment. Some of our anticipated competitors have greater financial resources, different cost structures, access to lower costs of capital and access to funding sources that may not be available to us, such as funding from the U.S. government, if we are not eligible to participate in programs established by the U.S. government. In addition, some of our competitors are not subject to the operating constraints associated with REIT tax compliance or maintenance of an exclusion or exemption from the Investment Company Act of 1940 (the "Investment Company Act"). Furthermore, some of our competitors may have higher risk tolerances or different risk assessments, which could allow them to consider a wider variety of investments, or pay higher prices, than we can. Current market conditions may attract more competitors, which may increase the competition for our investments. An increase in the competition for such assets may decrease the availability or increase the price of such assets, which may limit our ability to generate attractive risk-adjusted current income and capital appreciation for our shareholders, thereby adversely affecting the market price of our common shares.

In addition, with respect to the Diversified segment's operating properties, we compete for tenants based on a number of factors, including location, rental rates, security, flexibility, and expertise to design space to meet prospective tenants' needs and the manner in which the property is operated, maintained, and marketed. As leases at our properties expire, we may encounter significant competition to renew or re-lease space in light of the large number of competing properties within the markets in which we operate. As a result, we may be required to provide rent concessions or abatements, incur charges for tenant improvements and other inducements, including early termination rights or below-market renewal options, or we may not be able to timely lease vacant space.

With respect to the Hospitality segment's operating properties, we face competition on the basis of location, room rates, quality, service levels, reputation and reservations systems, among many factors. The Hospitality segment also faces competition from alternative lodging options such as Airbnb that have and may continue to add guest accommodations that compete with hotel inventory. Such competition may reduce occupancy rates and revenues of the Hospitality segment.

In the face of this competition, we expect to have access to our Sponsor's professionals and their industry experience, which we believe will provide us with a competitive advantage and help us assess investment risks and determine appropriate pricing for potential investments. We expect that these relationships will enable us to compete more efficiently and effectively for attractive investment opportunities. Although we believe we are well positioned to compete effectively, there can be no assurance that we will be able to achieve our business goals or expectations due to the extensive competition in our market sector. We operate in a competitive market for investment opportunities and future competition may limit our ability to acquire desirable investments in commercial real estate and could also affect the pricing of our securities.

Operating and Regulatory Structure

General

Our operating properties are subject to various laws, ordinances and regulations, including those relating to fire and safety requirements, and affirmative and negative covenants and, in some instances, common area obligations. We believe that each of the operating properties in our Portfolio has the necessary permits and approvals.

Americans with Disabilities Act

Our operating properties must comply with Title III of the Americans with Disabilities Act of 1990 (the "ADA"), to the extent that such properties are "public accommodations" as defined by the ADA. The ADA may require removal of structural barriers to access by persons with disabilities in certain public areas of our operating properties where such removal is readily achievable. In addition, under the ADA, alterations to a place of public accommodation or a commercial facility are to be made so that, to the maximum extent feasible, such altered portions are readily accessible to and usable by disabled individuals. The readily achievable standard considers, among other factors, the financial resources of the affected site and the owner, lessor or other applicable person.

Compliance with the ADA, as well as other federal, state and local laws, may require modifications to operating properties we currently own or may purchase or may restrict renovations of those properties. Failure to comply with these laws or regulations could result in the imposition of fines or an award of damages to private litigants, as well as the incurrence of the costs of making modifications to attain compliance, and future legislation could impose additional obligations or restrictions on our operating properties. We could be held liable as the owner of the property for a failure of one of our tenants to comply with these laws or regulations.

We believe that our operating properties are in substantial compliance with the ADA and that substantial capital expenditures to address the requirements of the ADA will not be required. However, noncompliance with the ADA could result in imposition of fines or an award of damages to private litigants. The obligation to make readily accessible accommodations is an ongoing one, and we will continue to assess our operating properties and make alterations as appropriate in this respect.

Environmental Matters

Under various federal, state and local environmental laws and health and safety requirements, we may be liable, without regard to fault and on a joint and several basis, for costs and damages, including fines and penalties, resulting from toxic or hazardous substances or waste or petroleum products at, on, under or migrating from our properties. Such liabilities could be substantial, exceed property value, and impair our ability to sell, lease, finance, renovate or demolish properties. Environmental regulations also may lead to governmental liens or restrict the manner in which property may be used. Independent environmental consultants have conducted Phase I environmental site assessments of all of our properties using the applicable American Society for Testing and Materials Standard E 1527. While no material issues have been identified, Phase I assessments are limited in scope and conditions may not have been identified or may arise later, and future laws could impose additional obligations. Our leases generally require tenants to comply with environmental laws and to indemnify us for losses arising from their activities, although tenant financial distress could limit recovery.

Environmental laws and health and safety requirements also govern asbestos- and lead-containing building materials and other airborne contaminants. Significant mold or other indoor air contaminants could require costly remediation, increased ventilation, or lead to third-party claims. We are not presently aware of any material adverse indoor air quality issues at our properties. Based on information currently known, we do not believe environmental, health, and safety compliance has adversely affected, or is reasonably expected to adversely affect, our business and we do not currently anticipate material capital expenditures for environmental, health, and safety compliance. See “Item 1A. Risk Factors” for additional discussion of environmental-related risks.

Insurance

We carry comprehensive general liability coverage on the operating properties in our Portfolio, with limits of liability customary within the industry to insure against liability claims and related defense costs. Similarly, we are insured against the risk of direct physical damage in amounts necessary to reimburse us on a replacement-cost basis for costs incurred to repair or rebuild each property, including loss of rental income during the reconstruction period. Our property policies include coverage for the perils of flood, tornado and earthquake shock with limits and deductibles customary in the industry and specific to the project. We will also obtain title insurance policies when acquiring new properties, which insure fee title to the properties in our Portfolio. We have obtained coverage for losses incurred in connection with both domestic and foreign terrorist-related activities. These policies include limits and terms we consider commercially reasonable. There are certain losses (including, but not limited to, losses arising from environmental conditions, acts of war or certain kinds of terrorist attacks) that are not insured, in full or in part, because they are either uninsurable or the cost of insurance makes it, in our belief, economically impractical to maintain such coverage. Should an uninsured loss arise against us, we would be required to use our own funds to resolve the issue, including litigation costs. In addition, for the operating properties in our Portfolio, we could self-insure certain portions of our insurance program and therefore, use our own funds to satisfy those limits. We believe the policy specifications and insured limits are adequate given the relative risk of loss, the cost of the coverage and industry practice. In the opinion of our management team, the operating properties in our Portfolio are adequately insured.

REIT Qualification

We have elected to be treated as a REIT for U.S. federal income tax purposes, beginning with our taxable year ended December 31, 2021. We believe that we have been organized in conformity with the requirements for qualification and taxation as a REIT under the Internal Revenue Code of 1986, as amended (the “Code”), and that our intended manner of operation will enable us to meet the requirements for qualification and taxation as a REIT. However, we cannot assure you that we will qualify and remain qualified as a REIT. To qualify as a REIT, we must meet on a continuing basis, through our organization and actual investment and operating results, various requirements under the Code relating to, among other things, the sources of our gross income, the composition and values of our assets, our distribution levels and the diversity of ownership of our shares. If we fail to qualify as a REIT in any taxable year and do not qualify for certain statutory relief provisions, we will be subject to U.S. federal income tax at corporate rates and may be precluded from qualifying as a REIT for the subsequent four taxable years following the year during which we failed to qualify as a REIT. Even if we qualify for

taxation as a REIT, we may be subject to some U.S. federal, state and local taxes on our income or property or REIT “prohibited transaction” taxes with respect to certain of our activities. Any distributions paid by us generally will not be eligible for taxation at the preferred U.S. federal income tax rates that apply to certain distributions received by individuals from taxable corporations.

Investment Company Act Exclusion

We, as well as our subsidiaries, intend to conduct our operations so that we are not required to register as an investment company under the Investment Company Act. Section 3(a)(1)(A) of the Investment Company Act defines an investment company as any issuer that is or holds itself out as being engaged primarily, or proposes to engage primarily, in the business of investing, reinvesting or trading in securities. Section 3(a)(1)(C) of the Investment Company Act defines an investment company as any issuer that is engaged or proposes to engage in the business of investing, reinvesting, owning, holding or trading in securities and owns or proposes to acquire investment securities having a value exceeding 40% of the value of the issuer’s total assets (exclusive of U.S. Government securities and cash items) on an unconsolidated basis, which we refer to as the 40% test. Excluded from the term “investment securities,” among other things, are U.S. Government securities and securities issued by majority-owned subsidiaries that are not themselves investment companies and are not relying on the exclusion from the definition of investment company set forth in Section 3(c)(1) or Section 3(c)(7) of the Investment Company Act.

We are organized as a holding company and conduct our business primarily through our OP and through subsidiaries of our OP. We anticipate that our OP will always be at least a majority-owned subsidiary. We intend to conduct our operations so that neither we nor our OP will hold investment securities in excess of the limit imposed by the 40% test. The securities issued by any wholly owned or majority-owned subsidiaries that we may form in the future that are excluded from the definition of “investment company” based on Section 3(c)(1) or 3(c)(7) of the Investment Company Act, together with any other investment securities we may own, may not have a value in excess of 40% of the value of our total assets (exclusive of U.S. government securities and cash items) on an unconsolidated basis. We will monitor our holdings to ensure continuing and ongoing compliance with this test. In addition, we believe that neither we nor our OP are considered an investment company under Section 3(a)(1)(A) or Section 3(a)(1)(C) of the Investment Company Act because neither of us engage primarily, propose to engage primarily, or hold ourselves out as being engaged primarily in the business of investing, reinvesting or trading in securities. Rather, we and our OP are primarily engaged in the non-investment company businesses of our subsidiaries.

We anticipate that certain of our subsidiaries will meet the requirements of the exclusion set forth in Section 3(c)(5)(C) of the Investment Company Act, which excludes entities primarily engaged in the business of “purchasing or otherwise acquiring mortgages and other liens on and interests in real estate.” To meet this exclusion, the Securities and Exchange Commission (“SEC”) staff has taken the position that at least 55% of a subsidiary’s assets must constitute qualifying assets (as interpreted by the SEC staff under the Investment Company Act) and at least another 25% of assets (subject to reduction to the extent the subsidiary invested more than 55% of its total assets in qualifying assets) must constitute real estate-related assets under the Investment Company Act (and no more than 20% comprised of miscellaneous assets). In general, we also expect, with regard to our subsidiaries relying on Section 3(c)(5)(C), to rely on other guidance published by the SEC staff and on our analyses of guidance published with respect to other types of assets to determine which assets are qualifying assets and real estate-related assets. Maintaining the Section 3(c)(5)(C) exclusion, however, will limit our ability to make certain investments.

Smaller Reporting Company Status

We are a “smaller reporting company” as defined in Regulation S-K under the Securities Act of 1933, as amended (the “Securities Act”), and may elect to take advantage of certain of the scaled disclosures available to smaller reporting companies.

Human Capital Disclosure

We are externally managed by our Adviser pursuant to the Advisory Agreement between us and our Adviser. All of our executive officers are employees of our Adviser or its affiliates. As of December 31, 2025, we had no employees.

Corporate Information

Our and our Adviser's offices are located at 300 Crescent Court, Suite 700, Dallas, Texas 75201. Our and our Adviser's telephone number is (214) 276-6300. Our website is located at nxdn.nextpoint.com. We make our annual report on Form 10-K, quarterly reports on Form 10-Q, current reports on Form 8-K, and amendments to those reports filed or furnished pursuant to Section 13(a) or 15(d) available on our website as soon as reasonably practicable after we file such materials with, or furnish them to, the SEC. Information contained on, or accessible through, our website is not incorporated by reference into and does not constitute a part of this Annual Report or any other report or documents we file with or furnish to the SEC. From time to time, we may use our website as a distribution channel for material company information.

Item 1A. Risk Factors

You should carefully consider the following risks and other information in this Annual Report in evaluating us and our common shares. Any of the following risks, as well as additional risks and uncertainties not currently known to us or that we currently deem immaterial, could materially and adversely affect our business, financial condition or results of operations, and could, in turn, impact the trading price of our common shares. These disclosures reflect the Company's beliefs and opinions as to factors that could materially and adversely affect the Company and its securities in the future. References to past events are provided by way of example only and are not intended to be a complete listing or a representation as to whether or not such factors have occurred in the past or their likelihood of occurring in the future.

Summary Risk Factors

The following is a summary of some of the risks and uncertainties that could materially adversely affect our business, financial condition and results of operations. You should read this summary together with the more detailed description of each risk factor contained below.

- unfavorable changes in economic conditions and their effects on the real estate industry generally and our operations and financial condition, including inflation, high interest rates, tightening monetary policy or recession, which may limit our ability to access funding and generate returns for shareholders;
- the risk we make significant changes to our strategies in a market downturn, or fail to do so;
- risks associated with ownership of real estate, including properties in transition, subjectivity of valuation, environmental matters and lack of liquidity in certain asset classes;
- risks associated with our investment in diverse issuers, industries and investment forms and classes, both in real estate and in non-real estate sectors, including common equity, preferred equity securities, options or other derivatives, short sale contracts, secured loans of securities, reverse repurchase agreements, structured finance securities, below investment grade senior loans, bonds, convertible instruments, joint ventures, and emerging markets;
- risks associated with our loans and investments in debt instruments including senior loans;
- the exposure of our loans and investments to risks similar to real estate investments generally, including the risk of delinquency, dependence on tenants, compliance with laws and regulations related to ownership of real property, and foreclosure and loss in any of our commercial real estate-related investments that are secured, directly or indirectly, by real property;
- fluctuations in interest rates and credit spreads and our use of leverage to finance our investments could reduce our ability to generate income on our loans and investments;

- competition for desirable loans and investments;
- the concentration of loans and investments in terms of type of interest, geography, asset types, industry and sponsors;
- credit downgrades or distressed situations may impair liquidity and value and subject us to bankruptcy-related risks, higher costs and delayed recoveries;
- our dependence on information systems and risks associated with breaches of our data security;
- costs associated with being a public company, including compliance with securities laws;
- costs associated with being a public company, including compliance with securities laws and the risk of adverse impact to our business if there are deficiencies in our disclosure controls and procedures or internal control over financial reporting;
- risks associated with pandemics, including the future outbreak of other highly infectious or contagious diseases;
- risks associated with our substantial current indebtedness and indebtedness we may incur in the future;
- risks associated with insurance, derivatives or hedging activity, including counterparty risk;
- risks associated with our limited operating history as a REIT and the possibility that we may not replicate the historical results achieved by other entities managed or sponsored by affiliates of our Sponsor, members of our Adviser's management team or their affiliates;
- our dependence on our Adviser, its affiliates and personnel to conduct our day-to-day operations and identify and realize returns on our investments within very broad investment guidelines and without fiduciary duties to us or a requirement to seek Board approval;
- risks associated with the Adviser's ability to terminate the Advisory Agreement and risks associated with any potential internalization of our management functions;
- conflicts of interest and competing demands for time faced by our Adviser, our Sponsor and their respective affiliates, officers and employees, and other significant potential conflicts of interest including in connection with (i) substantial fees and expenses we pay to our Adviser and its affiliates which may increase the risk that you will not earn a profit on your investment and (ii) competition with entities affiliated with our Adviser and our Sponsor for investments;
- the risk of failure to maintain our status as a REIT and make required distributions to maintain such status, failure of which may materially limit our cash available for distribution to our shareholders and the risk of failure to maintain our status if values of our real estate investments rapidly change;
- the risk of failure of our OP to be taxable as a partnership for U.S. federal income tax purposes, possibly causing us to fail to qualify for or to maintain REIT status;
- compliance with REIT requirements, which may limit our ability to hedge our liabilities effectively and cause us to forgo otherwise attractive opportunities, liquidate certain of our investments or incur tax liabilities;
- the risk that certain of our business activities are potentially subject to the prohibited transaction tax and that even if we qualify as a REIT we may be subject to other tax liabilities that may reduce our cash flows and distributions on our shares;
- the ineligibility of dividends payable by REITs for the reduced tax rates available for some dividends;
- the ability of our Board to revoke our REIT qualification without shareholder approval;

- our ability to change our major policies, operations and targeted investments without shareholder consent and our Board's issuance of and ability to further issue debt securities or equity securities that may adversely impact the value or priority of or have a dilutive effect on our shares or discourage a third-party acquisition;
- risks associated with (i) provisions in our governing documents that may limit shareholders' choice of forum for disputes with us or discourage an acquisition of our securities or a change in control, including share ownership restrictions and limits and (ii) provisions of our governing documents that may limit the ability for a third-party acquisition;
- recent and potential legislative or regulatory changes or other actions with respect to tax, securitization, financial or other matters affecting REITs, the mortgage industry or debt-oriented real estate investments generally;
- the general volatility of the capital and credit markets and the impact on the market for our shares;
- the risk that we may not realize gains or income from our investments, that the repayments of our loans and investments may cause our financial performance and returns to investors to suffer or that we may experience a decline in the fair value of our assets;
- risks associated with the Highland Bankruptcy (as defined below), including possible materially adverse consequences on our business, financial condition and results of operations;
- risks associated with holding shares of the Series A Preferred Shares, including volatility in price and trading volume, subordination to our debt, dilution upon future issuances and lack of, or a low, rating on the Series A Preferred Shares;
- risks associated with holding shares of the Series B Preferred Shares, including limited voting rights, subordination to our debt and dilution from future issuances;
- risk of failure to generate sufficient cash flows to service outstanding indebtedness or pay distributions on our shares at expected levels, and the risk that we may borrow funds or use funds from other sources to pay distributions; and
- risks associated with the concentration of our share ownership.

Risks Related to Our Business

Our real estate investments are subject to risks particular to real property. These risks may result in a reduction or elimination of or return from an investment secured by a particular property.

Real estate investments are subject to various risks, including:

- acts of nature, including extreme weather, earthquakes, floods and other natural disasters, which may result in uninsured losses;
- acts of war, terrorism, social unrest or civil disturbances, including the consequences of such acts;
- adverse changes in national and local economic and market conditions;
- changes in governmental laws and regulations, fiscal policies and zoning ordinances and the related costs of compliance with laws and regulations and ordinances;
- costs of remediation and liabilities associated with environmental conditions including, but not limited to, indoor mold; and
- the potential for uninsured or under-insured property losses.

If any of these or similar events occurs, it may reduce our return from an affected property or investment and reduce or eliminate our ability to pay distributions to shareholders.

Because we primarily invest in the real estate industry, our investments expose us to risks similar to and associated with real estate investments generally.

Our investments are primarily in or relating to real estate-related businesses, assets or interests, including but not limited to real property, common equity, debt and preferred equity. Any deterioration of real estate fundamentals generally, and in the United States in particular, could negatively impact our performance by making it more difficult for entities in which we have an investment requiring periodic payments or a return of capital, or “borrower entities,” to satisfy their payment obligations, increasing the default risk applicable to these entities, and/or making it relatively more difficult for us to generate attractive risk-adjusted returns. Any such deterioration may also make it more difficult for entities in which we have an investment without a specific payment obligation to make distributions or returns of capital to us. Changes in general economic conditions will affect the creditworthiness of borrower entities or other investees and may include economic and/or market fluctuations, changes in environmental, zoning and other laws, casualty or condemnation losses, regulatory limitations on rents, variations in rental income, decreases in property values, changes in the appeal of properties to tenants, changes in supply and demand, fluctuations in real estate fundamentals, energy supply shortages, various uninsured or uninsurable risks, natural disasters, pandemics, changes in government regulations (such as rent control), changes in real property tax rates and operating expenses, changes in interest rates, changes in the availability of debt financing and/or mortgage funds which may render the sale or refinancing of properties difficult or impracticable, increased mortgage defaults, increases in borrowing rates, negative developments in the economy that depress travel activity, demand and/or real estate values generally and other factors that are beyond our control. The value of securities of companies that service the real estate business sector may also be affected by such risks.

We cannot predict the degree to which economic conditions generally, and the conditions for loans and investments in real estate, will improve or deteriorate. Declines in the performance of the U.S. and global economies or in the real estate debt markets could have a material adverse effect on our business, financial condition and results from operations. In addition, changes in structures and/or market terms relating to real estate debt and preferred equity investments may make it relatively more difficult for us to monitor and evaluate our loans and investments.

Commercial real estate-related investments that are secured, directly or indirectly, by real property are subject to delinquency, foreclosure and loss, which could result in losses to us.

Commercial real estate investments, including investments in debt secured by commercial property, are subject to risks of delinquency and foreclosure and risks of loss that are greater than similar risks associated with investments in or loans made on single-family residential property. Our ability to realize a return on our investments in commercial real estate typically is dependent primarily upon the successful operation of the property or properties. If the net operating income of the property is reduced, our ability to realize a return on our investment may be impaired. Net operating income of an income-producing property can be affected by, among other things:

- tenant mix and tenant bankruptcies;
- success of tenant businesses;
- property management decisions, including with respect to capital improvements, particularly in older building structures;
- property location and condition;
- competition from other properties offering the same or similar services;
- changes in laws that increase operating expenses or limit rents that may be charged;

- any need to address environmental contamination at the property;
- changes in national, regional or local economic conditions and/or specific industry segments;
- declines in regional or local real estate values;
- declines in regional or local rental or occupancy rates;
- changes in interest rates and in the state of the debt and equity capital markets, including diminished availability or lack of debt financing for commercial real estate;
- changes in real estate tax rates and other operating expenses;
- changes in governmental rules, regulations and fiscal policies;
- natural disasters, acts of war, terrorism, social unrest and civil disturbances, which may decrease the availability of or increase the cost of insurance or result in uninsured losses; and
- adverse changes in zoning laws.

In addition, we are exposed to the risk of judicial proceedings with our borrowers and entities we invest in, including bankruptcy or other litigation, as a strategy to avoid foreclosure or enforcement of other rights by us as a lender or investor. In the event that any of the properties or entities underlying or collateralizing our loans or investments experiences any of the foregoing events or occurrences, the value of, and return on, such investments, could adversely affect our results of operations and financial condition.

Most of our real estate investments are dependent upon our tenants successfully operating their businesses, and their failure to do so could adversely affect us.

Most of our properties in the Diversified segment are occupied by tenants. Therefore, the success of our investments in these properties is materially dependent upon the performance of our tenants. The financial performance of any one of our tenants is dependent on the tenant's individual business, its industry and, in some instances, may also be dependent on the performance of a larger business network that the tenant may be affiliated with or operate under. The financial performance of any one of our tenants could be adversely affected by poor management, unfavorable economic conditions in general, changes in consumer trends and preferences that decrease demand for a tenant's products or services or other factors, including the impact of a global pandemic which affects the United States, over which neither they nor we have control. Our Portfolio may include properties leased to tenants that operate in multiple locations, and in the future we may own multiple properties operated by the same tenant.

At any given time, any tenant may experience a decline in its business that may weaken its operating results or the overall financial condition of individual properties or its business as a whole. Any such decline may result in our tenant failing to make rental payments when due, declining to extend a lease upon its expiration, delaying occupancy of our property or the commencement of the lease or becoming insolvent or declaring bankruptcy. We depend on our tenants to operate their businesses at the properties we own or in which we own interests in a manner which generates revenues sufficient to allow them to meet their obligations to us, including their obligations to pay rent and, if agreed by the tenant, their obligations to maintain certain insurance coverage, pay real estate taxes, make repairs and otherwise maintain our properties. The ability of tenants to fulfill their obligations under leases may depend, in part, upon the overall profitability of their operations. Cash flow generated by certain tenant businesses may not be sufficient for a tenant to meet its obligations pursuant to the applicable lease.

Multi-tenant properties expose us to additional risks.

Our multi-tenant properties could expose us to the risk that a sufficient number of suitable tenants may not be found to enable the property to operate profitably. This loss of income could cause a material adverse impact to our results of operations and business. Multi-tenant properties are also subject to tenant turnover and fluctuation in occupancy rates, which could affect our operating results. Furthermore, multi-tenant properties expose us or underlying property owners for our investments to the risk of increased operating expenses, which may occur when the actual cost of taxes, insurance and maintenance at the property exceeds the operating expenses paid by tenants and/or the amounts budgeted.

Tenant demand in our office portfolio may decline due to disruptions to the office sector, which could materially and adversely affect us.

Companies have been increasing their utilization of shared office spaces, co-working spaces, telecommuting, flexible work schedules, work-from-home alternatives and videoconferencing. To the extent these trends continue, tenant demand for our office space may be reduced, which could materially and adversely affect us or underlying property owners for our investments.

We may be required to make rent or other concessions or significant capital expenditures to improve our properties in order to retain and attract tenants, which may materially and adversely affect our financial condition, results of operations, cash flow, cash available for distribution, and ability to service our debt obligations.

Upon expiration of our leases to our tenants, we may be required to make rent or other concessions, accommodate requests for renovations, build-to-suit remodeling, and other improvements, or provide additional services to our tenants, any of which would increase our costs. As a result, we may have to make significant capital or other expenditures in order to retain tenants whose leases expire and to attract new tenants in sufficient numbers. Additionally, we may need to raise capital to make such expenditures. If we are unable to do so or capital is otherwise unavailable, we may be unable to make the required expenditures. This could result in non-renewals by tenants upon expiration of their leases. If any of the foregoing were to occur, it could have a material adverse effect on our financial condition, results of operations, cash flow, cash available for distribution, and ability to service our debt obligations.

Certain provisions of the Company's leases may be unenforceable.

The Company's, or the underlying property owner's for our investments, rights and obligations with respect to its leases are governed by written agreements with its tenants. A court could determine that one or more provisions of such an agreement are unenforceable, such as a particular remedy, a termination provision, or a provision governing the Company's or the underlying property owner's remedies for default of the tenant. If we were unable to enforce provisions of a lease agreement or agreements, our results of operations, financial condition, and cash flows could be adversely impacted.

Many of our operating costs and expenses associated with our investments are or may be fixed and will not decline if revenues decline.

Our results of operations or the results of operations of underlying property owners for our investments depend, in large part, on the level of revenues, operating costs, and expenses. The operating costs or expenses associated with ownership of a property by us or underlying property owners for our investments is not necessarily reduced when circumstances such as market factors and competition cause a reduction in revenue from the property. As a result, if revenues decline, we or the underlying property owners for our investments may not be able to reduce operating costs or expenses to keep pace with the corresponding reductions in revenues. Many of the costs and expenses associated with our investments, such as taxes, insurance, loan payments, and maintenance generally will or may not be reduced if a property is not fully occupied or other circumstances cause revenues to decrease, which could have a material adverse effect on our financial condition, results of operations, cash flow, cash available for distribution, and ability to service our debt obligations.

We are subject to certain risks associated with investing in real estate, including potential liabilities under environmental laws and risks of loss from weather conditions, man-made or natural disasters and terrorism.

Under various U.S. federal, state and local environmental laws, ordinances and regulations, a current or previous owner of real estate (including, in certain circumstances, a secured lender that succeeds to ownership or control of a property) may become liable for the costs of removal or remediation of certain hazardous or toxic substances at, on, under or in its property. Those laws typically impose cleanup responsibility and liability without regard to whether the owner or control party knew of or was responsible for the release or presence of such hazardous or toxic substances. The costs of investigation, remediation or removal of those substances may be substantial. The owner or control party of a site may be subject to common law claims by third parties based on damages and costs resulting from environmental contamination emanating from a site. Certain environmental laws also impose liability in connection with the handling of or exposure to asbestos-containing materials, pursuant to which third parties may seek recovery from owners of real properties for personal injuries associated with asbestos-containing materials. In addition, the presence of hazardous substances on a property may adversely affect our ability to sell the property or borrow using the real estate as collateral.

Certain of our properties may contain, or may have contained, microbial matter such as mold and mildew. The presence of microbial matter could adversely affect our results of operations. In addition, if any of our properties are not properly connected to a water or sewer system, or if the integrity of such systems is breached, or if water intrusion into our buildings otherwise occurs, microbial matter or other contamination can develop. When excessive moisture accumulates in buildings or on building materials, mold growth may occur, particularly if the moisture problem remains undiscovered or is not addressed over a period of time. Some molds may produce airborne toxins or irritants. If this were to occur, we could incur significant remedial costs.

Weather conditions and man-made or natural disasters such as hurricanes, tornadoes, earthquakes, floods, droughts, fires and other environmental conditions can damage properties we own. Future weather conditions, man-made or natural disasters, or acts of terrorism could adversely impact the demand for, and value of, our assets and could also directly impact the value of our assets through damage, destruction or loss, and could thereafter materially impact the availability or cost of insurance to protect against these events. Although we believe our owned real estate and real estate we have investments in are adequately covered by insurance, we cannot predict at this time if we will be able to obtain appropriate coverage at a reasonable cost in the future, or if we will be able to continue to pass along all of the costs of insurance to our tenants. Any weather conditions, man-made or natural disasters, or terrorist attack, whether or not insured, could have a material adverse effect on our financial performance, liquidity and the market price of our shares. In addition, there is a risk that one or more of our property insurers may not be able to fulfill their obligations with respect to claims payments due to a deterioration in its financial condition.

Investments in securities of other companies or issuers, including debt and equity instruments such as bonds, preferred or common shares, or convertible instruments, could cause us to incur losses or other expenses which could adversely affect our financial position, results of operations, and cash flows.

We currently own and may own in the future, investments in securities of companies or issuers including debt and equity instruments, which may include bonds, preferred or common shares, or convertible instruments. Certain of these investments may be traded on an exchange or other active market while other investments may not be actively traded and without a readily observable market price. With respect to investments traded on an exchange or other active market, the price of the underlying instrument may be quoted such that the market value of the instrument varies during a given trading day, or the price may be quoted less frequently. Adverse fluctuations in the value of these investments, whether market-generated or not, may be reflected as unrealized losses on our balance sheet depending on the type of investment and our accounting methodologies. We may choose to or be required to liquidate these investments in whole or in part and at prices that result in realized losses on our investment. Should we incur realized losses on liquidating these investments, our financial position, results of operations and cash flows would be adversely impacted. Our investments in the securities of companies or issuers which are engaged in the real estate industry are also subject to risks associated with the investment in real estate generally.

Our investments in non-real estate businesses, though limited, may expose us to risks from a number of diverse issuers, industries and investment forms.

Though our investments are primarily in or relating to real estate-related businesses, assets or interests, we may, to a limited extent, hold, acquire or transact in certain non-real estate securities, including securities or investments held by us prior to our receipt of an order by the SEC declaring that the Company had ceased to be an investment company under the Investment Company Act on July 1, 2022. As a result, to the extent we hold, acquire or transact in non-real estate securities or investments, we may be exposed to risks from a number of diverse industries, issuers and investment forms, which may cause an investment in us to increase or decrease in value differently than may otherwise be expected if we solely invested in real estate businesses.

Fluctuations in interest rates and credit spreads could reduce our ability to generate income on our loans and other investments, which could lead to a significant decrease in our results of operations, cash flows and the market value of our investments.

Our primary interest rate exposures relate to the yield on our loans and other investments and the financing cost of our debt, as well as interest rate swaps that we may utilize for hedging purposes. Changes in interest rates and credit spreads may affect our net income from loans and other investments, which is the difference between the interest and related income we earn on our interest-earning investments and the interest and related expense we incur in financing these investments. Interest rate and credit spread fluctuations resulting in our interest and related expense exceeding interest and related income would result in operating losses for us. Changes in the level of interest rates and credit spreads also may affect our ability to make loans or investments, the value of our loans and investments and our ability to realize gains from the disposition of assets. Increases in or high interest rates and credit spreads may also negatively affect demand for loans and could result in higher borrower default rates.

Our operating results depend, in part, on differences between the income earned on our investments, net of credit losses, and our financing costs. The yields we earn on our floating-rate assets and our borrowing costs tend to move in the same direction in response to changes in interest rates. However, one can rise or fall faster than the other, causing our net interest margin to expand or contract. In addition, we could experience reductions in the yield on our investments and an increase in the cost of our financing. Although we seek to match the terms of our liabilities to the expected lives of loans that we acquire or originate, circumstances may arise in which our liabilities are shorter in duration than our assets, resulting in their adjusting faster in response to changes in interest rates. For any period during which our investments are not match-funded, the income earned on such investments may respond more slowly to interest rate fluctuations than the cost of our borrowings. Consequently, changes in interest rates, particularly short-term interest rates, may immediately and significantly decrease our results of operations and cash flows and the market value of our investments. In addition, unless we enter into hedging or similar transactions with respect to the portion of our assets that we fund using our balance sheet, returns we achieve on such assets will generally increase as interest rates for those assets rise and decrease as interest rates for those assets decline.

For information about our risks related to past increases in or high prevailing interest rates, see “-Macroeconomic trends including inflation, high interest rates, tariffs or recession may adversely affect our financial condition and results of operations” below.

Macroeconomic trends including inflation, high interest rates, tariffs or recession may adversely affect our financial condition and results of operations.

Macroeconomic trends, including increases in or high inflation and high interest rates, may adversely impact our business, financial condition and results of operations. Inflation in the United States had previously accelerated to historically high levels and may continue at an elevated level in the near-term. Inflation could have an adverse impact on general and administrative expenses, as these costs could increase at a rate higher than our rental revenue, interest income or other revenue. Inflationary pressures have increased our direct and indirect operating and investment costs. With regard to our investments in the SFR and multifamily housing market, inflationary pressures have increased or may have the effect of increasing costs related to property management, third-party contractors and vendors, insurance, transportation and taxes, and residents may also be adversely impacted by higher cost of living expenses, including food, energy and transportation, which may increase the rate of tenant defaults and harm our operating results. With regard to our commercial properties,

inflationary pressures have increased or may have the effect of increasing our costs related to property management, third-party contractors and vendors, insurance, transportation and taxes, and our commercial tenants may be adversely impacted by higher operating expenses, which may increase the rate of tenant defaults and harm our operating results.

Certain of our investments pay interest at a fixed rate, and the relative value of the fixed cash flows from these investments will decrease as prevailing interest rates rise or increase as prevailing interest rates fall, causing potentially significant changes in value. In addition, to the extent our exposure to increases in or high interest rates on any of our debt is not eliminated through interest rate swaps and interest rate protection agreements that we may utilize for hedging purposes, such increases will result in higher debt service costs which will adversely affect our cash flows. We cannot assure you that our access to capital and other sources of funding will not become constrained, which could adversely affect the availability and terms of future borrowings, renewals or refinancings. Such future constraints could increase our borrowing costs, which would make it more difficult or expensive to obtain additional financing or refinance existing obligations and commitments, which could slow or deter future growth.

In addition, actions by the Federal Reserve, as well as efforts by other central banks globally to combat inflation and restore price stability and other global events, may raise the prospect or severity of a recession. The wars in Ukraine and Iran and other international tensions or escalations of conflict may add, instability to the uncertainty driving socioeconomic forces, which may continue to have an impact on global trade and result in inflation or economic instability. The U.S. government announced a comprehensive set of tariffs in the second quarter of 2025. A recent U.S. Supreme Court decision held that the International Emergency Economic Powers Act (IEEPA) does not authorize the President to impose tariffs. As a result, tariffs imposed under IEEPA are no longer being collected. Tariffs imposed under other statutory authorities, such as Section 232 and Section 301, remain in effect, and the U.S. government may propose replacement or additional tariffs under other legal authorities. The impact of such tariffs is subject to uncertainties regarding the timing of their implementation, the magnitude of such tariffs and possible exemption for certain goods, among other unknowns. Present conditions and the state of the U.S. and global economies make it difficult to predict whether and/or when and to what extent a recession will occur in the near future. Should a recession occur it could negatively impact the value of commercial and residential real estate and the value of our investments, potentially materially. While the Company has taken steps to prepare for a potential downturn in the economy, should a recession occur there can be no guaranty that the Company's efforts will prevent any negative impacts to the value of the Company's investments.

Our loans and investments may be subject to fluctuations in interest rates that may not be adequately protected, or protected at all, by our hedging strategies.

Our investments may include loans with either floating interest rates or fixed interest rates. Floating rate loans earn interest at rates that adjust from time to time (typically monthly) based upon an index (typically the one-month secured overnight financing rate, commonly referred to as "SOFR"). These floating rate loans are insulated from changes in value specifically due to changes in interest rates; however, the coupons they earn fluctuate based upon interest rates (again, typically one-month SOFR) and, in a declining and/or low interest rate environment, these loans would earn lower rates of interest and this would impact our operating performance. Conversely, in an increasing and/or high interest rate environment, these loans would earn higher rates of interest, which would also impact our operating performance. Fixed interest rate loans, however, do not have adjusting interest rates and the relative value of the fixed cash flows from these loans will decrease as prevailing interest rates rise or increase as prevailing interest rates fall, causing potentially significant changes in value. We may employ various hedging strategies to limit the effects of changes in interest rates (and in some cases credit spreads), including engaging in interest rate swaps, caps, floors and other interest rate derivative products. We believe that no strategy can completely insulate us from the risks associated with interest rate changes and there is a risk that such strategies may provide no protection at all and potentially compound the impact of changes in interest rates. Hedging transactions involve certain additional risks such as counterparty risk, leverage risk, the legal enforceability of hedging contracts, the early repayment of hedged transactions and the risk that unanticipated and significant changes in interest rates may cause a significant loss of basis in the contract and a change in current period expense. We cannot make assurances that we will be able to enter into hedging transactions or that such hedging transactions will adequately protect us against the foregoing risks.

Accounting for derivatives under generally accepted accounting principles in the United States (“GAAP”) may be complicated. Any failure by us to meet the requirements for applying hedge accounting in accordance with GAAP could adversely affect our earnings. In particular, derivatives are required to be highly effective in offsetting changes in the value or cash flows of the hedged items (and appropriately designated and/or documented as such). If it is determined that a derivative is not highly effective at hedging the designated exposure, hedge accounting is discontinued and the changes in fair value of the instrument are included in our reported net income.

Investments in equity securities are subject to variation in their prices.

The prices of equity securities which we have invested in may fall over short or long periods of time. In addition, common equity represents a share of ownership in a company and ranks junior to debt and preferred equity in their claim on the Company’s assets in the event of bankruptcy.

We may use leverage in our investment program, resulting in a greater risk of loss.

We may use leverage in our investment program, including the use of borrowed funds and investments in certain types of options, such as puts, calls and warrants, which may be purchased for a fraction of the price of the underlying securities. While such strategies and techniques increase the opportunity to achieve higher returns on the amounts invested, they also increase the risk of loss. To the extent we purchase securities with borrowed funds, our net assets will tend to increase or decrease at a greater rate than if borrowed funds are not used. If the interest expense on borrowings were to exceed the net return on the portfolio securities purchased with borrowed funds, our use of leverage would result in a lower rate of return than if we were not leveraged.

We may invest in preferred equity securities which contain provisions that may result in a decline in the value of such preferred security in certain situations.

We may invest in preferred equity securities which contain provisions that may result in a decline in the value of such preferred security in certain situations. Preferred shares represent an equity or ownership interest in an issuer that pays dividends at a specified rate and that has precedence over common shares in the payment of dividends. In the event an issuer of preferred shares is liquidated or declares bankruptcy, the claims of creditors and owners of debt take precedence over the claims of those who own preferred and common shares. If interest rates rise, the fixed dividend on preferred shares may be less attractive, causing the price of preferred shares to decline. Preferred shares may have mandatory sinking fund provisions, as well as provisions allowing the shares to be called or redeemed prior to its maturity, which can have a negative impact on the share’s price when interest rates decline. Unlike interest on debt securities, preferred share dividends may only be payable if declared by the issuer’s board of directors or other governing body. The value of convertible preferred shares can depend heavily upon the value of the security into which such convertible preferred share is converted, depending on whether the market price of the underlying security exceeds the conversion price.

We may be subject to risks involved in investment activity through joint ventures.

We may acquire investments through joint ventures when we believe circumstances warrant the use of such structures. Joint venture investments involve risks, including: the possibility that joint venture partners might refuse to make capital contributions when due; that we may be responsible to joint venture partners for indemnifiable losses; that joint venture partners might at any time have business or economic goals which are inconsistent with ours; and that joint venture partners may be in a position to take action or withhold consent contrary to our recommendations, instructions or requests. In some instances, joint venture partners may have competing interests in our markets that could create conflicts of interest. Further, joint venture partners may fail to meet their obligations to the joint venture as a result of financial distress or otherwise, and we would be forced to make contributions to maintain the value of the investments. To the extent joint venture partners do not meet their obligations to the joint venture or they take action inconsistent with the interests of the joint venture, we could be adversely affected.

If we acquire investments through joint ventures, we may be required to make decisions jointly with the other investors who have interests in the respective joint ventures. We might not have the same interests as the other investors in relation to these decisions or transactions. Accordingly, we might not be able to favorably resolve any of these issues, or we might have to provide financial or other inducements to the other investors to obtain a favorable resolution.

In addition, various restrictive provisions and third-party rights, including consent rights to certain transactions, may apply to sales or transfers of interests in joint ventures. Consequently, decisions to buy or sell interests in a property or properties relating to joint ventures may be subject to the prior consent of other investors. These restrictive provisions and third-party rights would potentially preclude us from achieving full value of the investments because of our inability to obtain the necessary consents to sell or transfer the interests.

Our investments may be concentrated in terms of type of interest, geography, asset types, industry and sponsors and may continue to be so in the future.

We intend to focus primarily on investing in various real estate property types and across the capital structure, including but not limited to equity, mortgage debt, mezzanine debt and preferred equity. In addition to our commercial real estate focus, our investments may be concentrated in terms of property type (e.g., retail vs. office), geography, asset type, industry and sponsors, as we are not required to observe specific diversification criteria, except as may be set forth in the investment guidelines adopted by our Board. Any such concentration of our investments that are subject to relatively higher risk of issuer bankruptcy, default, foreclosure or other risks may cause our Portfolio to have overall higher risks than it otherwise would. A significant portion of our investments are currently in securities of issuers that are advised, directly or indirectly, by affiliates of our Adviser. The Portfolio, based on net equity, is comprised of 65.8% investments in entities managed by or advised by affiliates of the Adviser. Any concentration of our investments may continue, vary from time to time or become more prevalent in the future.

Investment concentration may cause even modest changes in the value of the underlying assets to significantly impact the value of our investments. As a result of any high levels of concentration, any adverse economic, political or other conditions that disproportionately affects those geographic areas, asset classes or investments concentrated in other terms could have a magnified adverse effect on our results of operations and financial condition, and the value of our shareholders' investments could vary more widely than if we invested in a more diverse Portfolio.

We operate in a competitive market for investment opportunities and competition may limit our ability to acquire desirable properties, loans and investments in commercial real estate and could also affect the yields of these assets.

A number of entities compete with us to make the types of loans and investments, including the acquisition of real estate, that we make. Our profitability depends, in large part, on our ability to invest in commercial real estate on attractive terms. In investing in commercial real estate, we compete with a variety of institutional lenders and investors, including other REITs, specialty finance companies, public and private funds (including other funds managed by affiliates of our Adviser and Sponsor), commercial and investment banks, commercial finance and insurance companies and other financial institutions. Several other REITs have raised, or are expected to raise, significant amounts of capital, and may have investment objectives that overlap with ours, which may create additional competition for lending and investment opportunities. Some competitors may have a lower cost of funds and access to funding sources that are not available to us. Many of our competitors are not subject to the operating constraints associated with REIT compliance or maintenance of an exclusion from regulation under the Investment Company Act. In addition, some of our competitors may have higher risk tolerances or different risk assessments, which could allow them to consider a wider variety of investments, offer more attractive pricing or other terms and establish more relationships than us. Furthermore, competition for investments in commercial real estate may lead to the yields of such assets decreasing, which may further limit our ability to generate satisfactory returns. We cannot assure you that the competitive pressures we face will not have a material adverse effect on our business, financial condition and results of operations. Also, as a result of this competition, desirable loans and investments in commercial real estate may be limited in the future, and we may not be able to take advantage of attractive

lending and investment opportunities that may exist from time to time, as we can provide no assurance that we will be able to identify and invest in loans or make other investments that are consistent with our investment objectives.

Prepayment rates may adversely affect the value of loans in which we invest.

The value of our assets may be affected by prepayment rates on loans. If we invest in issuers that acquire or invest in mortgage-related securities or a pool of mortgage securities, we anticipate that the mortgage loans or the underlying mortgages will prepay at a projected rate generating an expected yield. If the assets are purchased at a premium to the par value or principal balance of the security or loans, when borrowers prepay their loans faster than expected, the corresponding prepayments on the mortgage-related securities may reduce the expected yield on such securities because the related premium will have to be amortized on an accelerated basis. Conversely, if the assets are purchased at a discount to either the principal balance of the loans or the par value of the loans underlying the securities, when borrowers prepay their mortgage loans slower than expected, the decrease in corresponding prepayments on the mortgage-related securities may reduce the expected yield on such securities because the related discount will not accrete as quickly as originally anticipated. Prepayment rates on loans may be affected by a number of factors including, but not limited to, the availability of mortgage credit, the relative economic vitality of the area in which the related properties are located, the servicing of the mortgage loans, possible changes in tax laws, changes in interest rates, other opportunities for investment, homeowner mobility and other economic, social, geographic, demographic and legal factors and other factors beyond our control. Consequently, such prepayment rates cannot be predicted with certainty and no strategy can completely insulate us from prepayment or other such risks. In periods of declining interest rates, prepayment rates on loans generally increase, though prepayment rates on loans are not guaranteed to remain the same or decrease in periods of increasing interest rates. If general interest rates decline at the same time, the proceeds of such prepayments received are likely to be reinvested by us in assets yielding less than the yields on the assets that were prepaid. In addition, as a result of the risk of prepayment, the market value of the prepaid assets may benefit less than other fixed income securities from declining interest rates. Prepayment rates could have an adverse effect on other of our portfolio investments, including any debt investments and preferred equity investments or on additional investments we may make in the future.

The lack of liquidity in certain of our investments may adversely affect our business.

The illiquidity of certain of our investments may make it difficult for us to sell such investments if the need or desire arises. Certain investments such as real property, debt securities (including participations) and preferred equity, in particular, may be relatively illiquid investments. Illiquidity may result from the absence of an established market for the investments as well as legal, contractual or other restrictions on their resale and other factors. In addition, certain of our investments may become less liquid after our investment as a result of periods of delinquencies or defaults by borrowers or tenants or turbulent market conditions, which may make it more difficult for us to dispose of such assets at advantageous times or in a timely manner. Moreover, many of the loans and securities we invest in will not be registered under the relevant securities laws, resulting in prohibitions against their transfer, sale, pledge or their disposition except in transactions that are exempt from registration requirements or are otherwise in accordance with such laws. Also, if in order to permit resale the securities are registered under the Securities Act at our expense, our expenses would be increased. As a result, we expect many of our investments may be illiquid, and if we are required to liquidate all or a portion of our Portfolio quickly, for example as a result of loan defaults, we may realize significantly less than the value at which we have previously recorded our investments. Further, we may face other restrictions on our ability to liquidate an investment to the extent that we or our Adviser and/or its affiliates has or could be attributed as having material, non-public information regarding such business entity. As a result, our ability to vary our Portfolio in response to changes in economic and other conditions may be relatively limited, which could adversely affect our results of operations and financial condition.

Our success depends on the availability of attractive loans and investments and our Adviser's ability to identify, structure, consummate, leverage, manage and realize returns on our loans and investments.

Our operating results are dependent upon the availability of attractive loans and investments, as well as our Adviser's ability to identify, structure, consummate, leverage, manage and realize returns on our loans and investments. In general, the

availability of favorable investment opportunities and, consequently, our returns, will be affected by the level and volatility of interest rates, conditions in the financial markets, general economic conditions, the demand for loan and investment opportunities in commercial real estate and the supply of capital for such opportunities. We cannot make any assurances that our Adviser will be successful in identifying and consummating loans and investments that satisfy our rate of return objectives or that such loans and investments, once made, will perform as anticipated.

Any distressed loans or investments we make, or loans or investments that later become distressed, may subject us to losses and other risks relating to bankruptcy proceedings.

Our loans and investments may include making distressed investments from time to time (e.g., investments in defaulted, out-of-favor or distressed bank loans and debt securities) or may involve investments that become “non-performing” following our acquisition thereof. Certain of our investments may include properties that typically are highly leveraged, with significant burdens on cash flow and, therefore, involve a high degree of financial risk. During an economic downturn or recession, loans or securities of financially or operationally troubled borrowers or issuers are more likely to go into default than loans or securities of other borrowers or issuers. Loans or securities of financially or operationally troubled issuers are less liquid and more volatile than loans or securities of borrowers or issuers not experiencing such difficulties. The market prices of such securities, if a market price is observable, are subject to erratic and abrupt market movements and the spread between bid and asked prices may be greater than normally expected. These securities are subject to a multitude of legal, industry, market, environmental and governmental forces that make analysis inherently difficult. Further, we rely on management, outside experts, market participants and the Adviser to analyze potential investments for us. There can be no assurance that any of these sources will prove credible, or that the resulting analysis will produce accurate conclusions. Investment in the loans or securities of financially or operationally troubled borrowers or issuers involves a high degree of credit and market risk.

In certain limited cases (e.g., in connection with a workout, restructuring and/or foreclosing proceedings involving one or more of our investments), the success of our investment strategy with respect thereto will depend, in part, on our ability to effectuate loan modifications and/or restructure and improve the operations of the borrower entities. The activity of identifying and implementing successful restructuring programs and operating improvements entails a high degree of uncertainty. There can be no assurance that we will be able to identify and implement successful restructuring programs and improvements with respect to any distressed loans or investments we may have from time to time.

These financial difficulties may not be overcome and may cause borrower entities to become subject to bankruptcy or other similar administrative proceedings. There is a possibility that we may incur substantial or total losses on our loans and investments and, in certain circumstances, become subject to certain additional potential liabilities that may exceed the value of our original investment therein. For example, under certain circumstances, a lender that has inappropriately exercised control over the management and policies of a debtor may have its claims subordinated or disallowed or may be found liable for damages suffered by parties as a result of such actions. In any reorganization or liquidation proceeding relating to our investments, we may lose our entire investment, may be required to accept cash or securities with a value less than our original investment and/or may be required to accept different terms, including payment over an extended period of time. In addition, under certain circumstances, payments to us may be reclaimed if any such payment or distribution is later determined to have been a fraudulent conveyance, preferential payment, or similar transaction under applicable bankruptcy and insolvency laws. Furthermore, bankruptcy laws and similar laws applicable to administrative proceedings may delay our ability to realize on collateral for loan positions held by us, may adversely affect the economic terms and priority of such loans through doctrines such as equitable subordination or may result in a restructuring of the debt through principles such as the “cramdown” provisions of the bankruptcy laws.

We may not have control over certain of our loans and investments.

Our ability to manage our Portfolio of loans and investments may be limited by the form in which they are made. In certain situations, we may:

- acquire investments subject to rights of senior classes and servicers under intercreditor or servicing agreements;
- acquire only a minority and/or a non-controlling participation in an underlying investment;
- co-invest with others through partnerships, joint ventures or other entities, thereby acquiring non-controlling interests; or
- rely on independent third-party management or servicing with respect to the management of an asset.

Therefore, we may not be able to exercise control over all aspects of our loans or investments. Such financial assets may involve risks not present in investments where senior creditors, junior creditors, servicers or third-party controlling investors are not involved. Our rights to control the process following a borrower default may be subject to the rights of senior or junior creditors or servicers whose interests may not be aligned with ours. A partner or co-venturer may have financial difficulties resulting in a negative impact on such asset, may have economic or business interests or goals that are inconsistent with ours, or may be in a position to take action contrary to our investment objectives. In addition, we may, in certain circumstances, be liable for the actions of our partners or co-venturers.

We may make preferred equity investments in entities over which we will not have voting control. We intend to ensure that the terms of our investments require that the respective entities take all actions necessary to preserve our REIT status and avoid taxation at the REIT level. However, because we will not control such entities, they may cause us to fail one or more of the REIT tests. In that event, we intend to take advantage of all available provisions in the REIT statutes and regulations to cure any such failure, which provisions may require payments of penalties. We believe that we will be successful in maintaining our REIT status, but no assurances can be given.

Investments that are subordinated or otherwise junior in an issuer's capital structure and that involve privately negotiated structures expose us to greater risk of loss.

We may invest in debt and preferred equity that are subordinated or otherwise junior in an issuer's capital structure and that involve privately negotiated structures. Our investments in subordinated debt and preferred equity and our remedies with respect thereto, including the ability to foreclose on any collateral securing such investments, are subject to the rights of any senior creditors. Significant losses related to such loans or investments could adversely affect our results of operations and financial condition. Investments in subordinated debt and preferred equity also bear a greater risk of default than senior debt and may receive payments after the holders on the more senior tranches of debt instruments with respect to an issuer.

We may invest in senior loans, a significant portion of which may be below investment grade, which the borrower may fail to repay or which may decline in value due to changes in interest rates.

We may invest in senior loans, a significant portion of which may be below investment grade, which the borrower may fail to repay or which may decline in value due to changes in interest rates. Loans below investment grade are considered speculative because of the credit risk of their issuers. As with any debt instrument, senior loans are generally subject to the risk of price declines and to increases in interest rates, particularly long term rates. Senior loans are also subject to the risk that, as interest rates rise, the cost of borrowing increases, which may increase the risk of default. In addition, the interest rates of floating rate loans typically only adjust to changes in short-term interest rates; long-term interest rates can vary dramatically from short-term interest rates. Therefore, senior loans may not mitigate price declines in a rising long term interest rate environment. The secondary market for loans is generally less liquid than the market for higher grade debt. Less liquidity in the secondary trading market could adversely affect the price at which we could sell a loan, and could adversely affect our income. The volume and frequency of secondary market trading in such loans varies significantly over time and among loans. Although senior loans in which we may invest may often be secured by collateral, there can be no assurance that liquidation of such collateral would satisfy the borrower's obligation in the event of a default or that such collateral could be readily liquidated.

We may not realize gains or income from our investments.

We seek to generate both current income and capital appreciation from our investments. However, it is possible that our investments will not appreciate in value and some investments may decline in value. In addition, the obligors on any loans in which we invest may default on, or be delayed in making, interest and/or principal payments, especially given that we may invest in sub-performing and non-performing loans or in securitizations of loans or in transitional loans. Accordingly, we are subject to an increased risk of loss and may not be able to realize gains or income from our investments. Moreover, any gains that we do realize may not be sufficient to offset our losses and expenses.

Real estate valuation is inherently subjective and uncertain.

The valuation of real estate, and therefore the valuation of any underlying security relating to loans and/or real estate investments made by us is inherently subjective due to, among other factors, the individual nature of each property, its location, the expected future rental revenues from that particular property and the valuation methodology adopted. As a result, the valuations of the real estate assets against which we make loans and/or investments are subject to a large degree of uncertainty and are made on the basis of assumptions and methodologies that may not prove to be accurate, particularly in periods of volatility, low transaction flow or restricted debt availability in the commercial or residential real estate markets.

Some of our portfolio investments may be recorded at fair value not readily available and, as a result, there will be uncertainty as to the value of these investments.

Some or all of our portfolio investments may be in the form of positions or securities that are not publicly traded. The fair value of investments that are not publicly traded may not be readily determinable. Our Adviser will value these investments at fair value, which may include unobservable inputs. Because such valuations are subjective, the fair value of certain of our assets may fluctuate over short periods of time and our Adviser's determinations of fair value may differ materially from the values that would have been used if a ready market for these securities existed. Our results of operations and financial condition could be adversely affected if our Adviser's determinations regarding the fair value of these investments were materially higher than the values that we ultimately realize upon their disposal.

The Company's real estate assets may be subject to impairment charges.

A decline in the fair value of our assets may require us to recognize an impairment against such assets under GAAP if we were to determine that, with respect to any assets in unrealized loss positions, we do not have the ability and intent to hold such assets to maturity or for a period of time sufficient to allow for recovery to the original acquisition cost of such assets. If such a determination were to be made, we would recognize unrealized losses through earnings and write down the amortized cost of such assets to a new cost basis, based on the fair value of such assets on the date they are considered to be impaired. Such impairment charges reflect non-cash losses at the time of recognition; subsequent disposition or sale of such assets could further affect our future losses or gains, as they are based on the difference between the sale price received and adjusted amortized cost of such assets at the time of sale. If we are required to recognize material asset impairment charges, these charges could adversely affect our results of operations and financial condition.

The due diligence process that our Adviser undertakes in regard to investment opportunities may not reveal all facts that may be relevant in connection with an investment and if our Adviser incorrectly evaluates the risks of our loans and investments, we may experience losses.

Before making investments for us, including in any loans, our Adviser will conduct due diligence that it deems reasonable and appropriate based on the facts and circumstances relevant to each potential investment. When conducting due diligence, our Adviser may be required to evaluate important and complex business, financial, tax, accounting, environmental and legal issues. Outside consultants, legal advisors, accountants and investment banks may be involved in the due diligence process in varying degrees depending on the type of potential investment. Relying on the resources available to it, our Adviser will evaluate our potential investments based on criteria it deems appropriate for the relevant investment. Selecting and evaluating material due diligence matters is subjective by nature, and there is no guarantee that the criteria utilized or judgment exercised by our Adviser will reflect the beliefs, values, internal policies or preferred practices of any particular investor or align with the values or preferred practices of other commercial real estate investors or with market trends. Our

Adviser's loss estimates may not prove accurate, as actual results may vary from estimates. If our Adviser underestimates the asset-level losses relative to the price we pay for a particular investment, we may experience losses with respect to such investment.

Insurance on investments may not cover all losses.

There are certain types of losses, generally of a catastrophic nature, such as earthquakes, floods, hurricanes, terrorism, acts of war, social unrest and civil disturbances, which may be uninsurable or not economically insurable. Inflation, changes in building codes and ordinances, environmental considerations and other factors, also might result in insurance proceeds being insufficient to repair or replace a property if it is damaged or destroyed. Under these circumstances, the insurance proceeds received with respect to a property relating to one of our investments might not be adequate to restore our economic position with respect to our investment. Any uninsured loss could result in the corresponding nonperformance of or loss on our investment related to such property.

Risks Related to Our Industry

Compliance with various laws and regulations, including accessibility, building and health and safety laws and regulations, may be costly, may adversely affect our operations or expose us to liability.

In addition to compliance with environmental regulations, we or underlying property owners for our investments must comply with various laws and regulations such as accessibility, building, zoning, landlord/tenant and health and safety laws and regulations, including, but not limited to, the ADA and the Fair Housing Act. Some of those laws and regulations may conflict with one another or be subject to limited judicial or regulatory interpretations. Under those laws and regulations, we or underlying property owners for our investments may be liable for, among other things, the costs of bringing our properties into compliance with the statutory and regulatory requirements. Noncompliance with certain of these laws and regulations may result in liability without regard to fault and the imposition of fines and could give rise to actions brought against us or the underlying property owners for our investments by governmental entities and/or third parties who claim to be or have been damaged as a consequence of an underlying property not being in compliance with the subject laws and regulations. As part of our due diligence procedures in connection with the acquisition of a property, we typically conduct an investigation of the property's compliance with known laws and regulatory requirements with which we must comply once we acquire a property, including a review of compliance with the ADA and local zoning regulations. Our investigations and these assessments may not have revealed, and may not with respect to future acquisitions reveal, all potential noncompliance issues or related liabilities and we can provide no assurance that our properties have been, or that our future projects will be, designed and built in accordance with all applicable legal requirements. In addition, there can be no guarantee that underlying property owners for our investments have conducted a similar or sufficient investigation of the property's compliance or liabilities, that they will in the future, or that any such properties will be designed, built and maintained in accordance with applicable legal requirements.

If we fail to develop, enhance and implement strategies to adapt to changing conditions in the real estate industry and capital markets, our financial condition and results of operations may be materially and adversely affected.

The manner in which we compete and the types of assets in which we seek to invest will be affected by changing conditions resulting from sudden changes in our industry, regulatory environment, the role and structures of government-sponsored enterprises, the role of credit rating agencies or their rating criteria or process, or the U.S. and global economies generally. If we do not effectively respond to these changes, or if our strategies to respond to these changes are not successful, our financial condition and results of operations may be adversely affected. In addition, we may not be successful in executing our business strategies and, even if we successfully implement our business strategies, we may not generate revenues or profits after we implement them.

Any credit ratings assigned to our loans and investments will be subject to ongoing evaluations and revisions and we cannot assure you that those ratings will not be downgraded.

Our loans and investments may be rated by rating agencies such as Moody's Investors Service, Fitch Ratings or Standard & Poor's. Any credit ratings on our loans and investments are subject to ongoing evaluation by credit rating agencies, and we cannot assure you that any such ratings will not be changed or withdrawn by a rating agency in the future if, in its judgment, circumstances warrant. If rating agencies assign a lower-than-expected rating or reduce or withdraw, or indicate that they may reduce or withdraw, their ratings of our loans and investments in the future, the value and liquidity of our investments could significantly decline, which would adversely affect the value of our Portfolio and could result in losses upon disposition.

A change in the federal conservatorship of Fannie Mae and Freddie Mac and related efforts, along with any changes in laws and regulations affecting the relationship between Fannie Mae, Freddie Mac and Ginnie Mae and the U.S. government, may materially adversely affect our business, financial condition and results of operations.

Congress has considered a substantial number of bills that include comprehensive or incremental approaches to ending the conservatorship, winding down Fannie Mae and Freddie Mac or changing their purposes, businesses or operations. U.S. government departments and agencies, including the U.S. Treasury and the Federal Housing Finance Agency, have also published proposals which could lead to a release or exit from conservatorship. A decision by the U.S. government to eliminate or downscale Fannie Mae or Freddie Mac or to reduce government support for multifamily housing more generally may adversely affect the availability of CMBS securitizations as an investment or cause breaches in underlying loan covenants, and, as a result, may adversely affect our investments. It may also adversely affect underlying interest rates, capital availability, development of multifamily communities and the value of multifamily assets, which may also adversely affect our investments.

The market value of CMBS securitizations guaranteed by Fannie Mae and Freddie Mac today are highly dependent on the continued support by the U.S. government. If such support is modified or withdrawn, if the U.S. Treasury fails to inject new capital as needed or if Fannie Mae and Freddie Mac are released from conservatorship, the market value of the CMBS securitizations they guaranteed could significantly decline, making it difficult to obtain repurchase agreement financing and could force holders of CMBS securitizations to sell assets at substantial losses. Furthermore, any policy changes to the relationship between Fannie Mae, Freddie Mac and the U.S. government may create market uncertainty and have the effect of reducing the actual or perceived credit quality of the CMBS securitizations. It may also interrupt the cash flow received by investors on the underlying CMBS and require us to seek alternative funding sources, retain additional loans on our balance sheet, secure funding through the Federal Home Loan Bank system or securitize the loans through private label securitization, which could increase our cost of funds related to the origination of new mortgage loans, increase credit risk and/or impact our capacity to originate new mortgage loans.

All of the foregoing could materially adversely affect the availability, pricing, liquidity, market value and financing of our assets or investments and materially adversely affect our business, operations and financial condition.

The securitization process is subject to an evolving regulatory environment that may affect certain aspects of our current business.

As a result of past dislocation of the credit markets, the securitization market has become subject to additional regulation. In particular, pursuant to the Dodd-Frank Wall Street Reform and Consumer Protection Act of 2010, various federal agencies have promulgated rules that require issuers in securitizations to retain at least 5% of the risk associated with the securities. While the rule as adopted generally allows the purchase of the CMBS B-Piece by a party not affiliated with the issuer to satisfy the risk retention requirement, current CMBS B-Pieces are generally not large enough to fully satisfy the 5% requirement. Accordingly, if we buy CMBS B-Pieces, or if we invest in issuers that buy CMBS B-Pieces, we (or our investee) may be required to purchase larger CMBS B-Pieces, potentially reducing returns on such investments. Significant restrictions exist, and additional restrictions may be added in the future, regarding who may hold risk retention interests, the structure of the entities that hold risk retention interests and when and how such risk retention interests may be transferred. These restrictions may reduce our liquidity and could potentially reduce our returns on such investments. To the extent we (or our investees) utilize the securitization market and retain this risk of loss through subordinate interests or CMBS B-Pieces

in our securitized debt transactions, these requirements could reduce our returns on these transactions. In addition, if we fail to operate in compliance with existing and future regulations, our business, reputation, financial condition or results of operations could be materially and adversely affected.

Rapid changes in the values of our real estate investments may make it more difficult for us to maintain our qualification as a REIT or exclusion from regulation under the Investment Company Act.

If the market value or income potential of real estate-related investments declines as a result of increased or high interest rates, prepayment rates or other factors, we may need to increase our real estate investments and income and/or liquidate our non-qualifying assets in order to maintain our REIT qualification or exclusion from Investment Company Act regulation. If a decline in real estate asset values and/or income occurs quickly, this may be especially difficult to accomplish. This difficulty may be exacerbated by the illiquid nature of any non-qualifying assets that we may own. We may have to make investment decisions that we otherwise would not make absent the REIT and Investment Company Act considerations.

As a consequence of our seeking to avoid registration under the Investment Company Act on an ongoing basis, we and/or our subsidiaries may be restricted from making certain investments or may structure investments in a manner that would be less advantageous to us than would be the case in the absence of such requirements. In particular, a change in the value of any of our assets could negatively affect our ability to avoid registration under the Investment Company Act and cause the need for a restructuring of our Portfolio. For example, these restrictions may limit our and our subsidiaries' ability to invest directly in mortgage-backed securities that represent less than the entire ownership in a pool of senior loans, debt and equity tranches of securitizations and certain asset-backed securities, non-controlling equity interests in real estate companies or in assets not related to real estate. In addition, seeking to avoid registration under the Investment Company Act may cause us and/or our subsidiaries to acquire or hold additional assets that we might not otherwise have acquired or held or dispose of investments that we and/or our subsidiaries might not have otherwise disposed of, which could result in higher costs or lower proceeds to us than we would have paid or received if we were not seeking to comply with such requirements. Thus, avoiding registration under the Investment Company Act may hinder our ability to operate solely on the basis of maximizing profits.

There can be no assurance that we and our subsidiaries will be able to successfully avoid operating as an unregistered investment company. If it were established that we were an unregistered investment company, there would be a risk that we would be subject to monetary penalties and injunctive relief in an action brought by the SEC, that we would be unable to enforce contracts with third parties, that third parties could seek to obtain rescission of transactions undertaken during the period it was established that we were an unregistered investment company, and that we would be subject to limitations on corporate leverage that would have an adverse impact on our investment returns.

If we were required to register as an investment company under the Investment Company Act, we would become subject to substantial regulation with respect to our capital structure (including our ability to use borrowings), management, operations, transactions with affiliated persons (as defined in the Investment Company Act) and Portfolio composition, including disclosure requirements and restrictions with respect to diversification and industry concentration and other matters. Compliance with the Investment Company Act would, accordingly, limit our ability to make certain investments and require us to significantly restructure our business plan, which could materially adversely affect our ability to pay distributions to our shareholders.

We are a "smaller reporting company" under the federal securities laws and will be subject to reduced public company reporting requirements.

We are a "smaller reporting company," and as such we may take advantage of certain exemptions from various reporting requirements that are applicable to other public companies that are not "smaller reporting companies," including, but not limited to, reduced disclosure obligations regarding executive compensation in our periodic reports and proxy statements. We will remain a smaller reporting company as long as, on each annual determination date, we either (a) have an unaffiliated public float of less than \$250 million on the annual determination date or (b) had annual revenues of less than \$100 million

as of the previously completed fiscal year for which audited financial statements are available and on the annual determination date either (i) have no unaffiliated public float or (ii) have an unaffiliated public float of less than \$700 million. If we fail to satisfy these conditions on the annual determination date in any year, we will cease to qualify as a smaller reporting company. If we do not qualify as a smaller reporting company, we may incur additional costs complying with enhanced reporting requirements that are applicable to other public companies that are not smaller reporting companies.

Failure of our internal control over financial reporting could harm our business, financial condition and results of operations.

Our management is responsible for establishing and maintaining effective internal control over financial reporting under Section 404 of the Sarbanes-Oxley Act of 2002. Internal control over financial reporting is a process to provide reasonable assurance regarding the reliability of financial reporting for external purposes in accordance with GAAP. Because of its inherent limitations, internal control over financial reporting is not intended to provide absolute assurance that we would prevent or detect a misstatement of our financial statements or fraud. Any failure to maintain an effective system of internal control over financial reporting could limit our ability to report our financial results accurately and timely or to detect and prevent fraud. The identification of a material weakness could indicate a lack of controls adequate to generate accurate financial statements that, in turn, could cause a loss of investor confidence and a decline in the market price of our common shares and Series A Preferred Shares. We cannot assure you that we will be able to timely remediate any material weaknesses that may be identified in future periods or maintain all of the controls necessary for continued compliance.

Risk Factors Related to the Hotel and Lodging Industry

The majority of the hotels in the Hospitality segment are operated pursuant to franchise agreements with nationally recognized hotel brands and changes in the market perception of such brands may impact the desirability of our hotels to consumers.

The Hospitality segment operates all of its hotels pursuant to franchise or license agreements with nationally recognized hotel brands. Our management believes that building brand value is critical to increased demand and the strengthening of customer loyalty. All of the hotels in the Hospitality segment utilize brands owned by Hilton, Marriott or Hyatt. Consequently, if market recognition or the positive perception of Hilton, Marriott or Hyatt is reduced or compromised, the goodwill associated with the Hilton, Marriott or Hyatt-branded hotels in the Hospitality segment may be adversely affected. Franchise agreements contain specific standards for, and restrictions and limitations on, the operation and maintenance of our hotels in order to maintain uniformity within the franchisor system. We may be required to incur costs to comply with these standards and these standards could potentially conflict with our ability to create specific business plans tailored to each property and to each market. Failure to comply with these brand standards may result in termination of the applicable franchise or license agreement. Upon any such termination, the Company would be required to rebrand the hotel or else operate the property as an independent hotel, which could result in substantial relicensing or rebranding costs, a decline in the value of the hotel, the loss of marketing support and participation in guest loyalty programs, and harm our relationship with the franchisor, impeding our ability to operate other hotels under the same brand. If any of the foregoing were to occur, it could have a material adverse effect on the Company's results of operations and financial condition.

The Company's hotel properties may be adversely affected by various risks common to the hospitality and lodging industry.

All real property investments are subject to a degree of risk and uncertainty and are affected by various factors, including general economic conditions and local real estate markets. The business of the Hospitality segment may be adversely affected by various operating risks common to the hotel industry, including competition; over-building; dependence on business travel and tourism; changes in taxes and governmental regulations that influence or set wages, prices or interest rates; availability and cost of capital necessary to fund investments, capital expenditures and service interest, principal or other debt obligations; changes in operating costs, shortages of labor, risks of unionization of labor, increases in the costs of food and liquor; receipt and/or maintenance of licenses and permits with local authorities; relationships with brand franchisors; the ability of other

lodging alternatives to attract and retain customers; changes in local market conditions due to changes in general or local economic conditions and neighborhood characteristics, and building structure and building system, health, or hygiene issues rendering properties uninhabitable on a temporary or long term basis. Any of these factors could limit or reduce the prices charged for the Company's products or services and, as a result, any of these factors can reduce our profits and limit opportunities for growth.

The hotel industry is cyclical and changes in economic conditions, consumer behavior and the travel and tourism industries may impact the demand for the Company's hotel properties.

The hotel industry is cyclical. Macroeconomic and other factors beyond our control can reduce demand for lodging products and services, including demand for rooms at properties owned and managed by the Company. These factors include changes and volatility in general economic conditions, including: the severity and duration of any downturn in the U.S. or global economy and financial markets; changes in the desirability of particular locations or travel patterns of customers; decreased corporate budgets and spending; low consumer confidence; depressed housing prices; financial condition of the airline and other transportation-related industries and its impact on travel; oil prices and travel costs; and cyclical over-building in the hotel ownership industry. These factors can adversely affect individual properties, particular regions or the Hospitality segment's business as a whole. Any one or more of these factors could limit or reduce the demand, or the rates our hospitality properties are able to charge for rooms or services or the prices at which we are able to sell any hotel property, which could adversely affect the Company's results of operations and financial condition.

Advances in technology and the growing use of online travel agencies may lead to increased costs and competition and lead to changes in consumer behavior.

The hotel industry may be affected by advances in technology. Consumers' growing use of internet travel intermediaries ("OTAs") and alternative lodging marketplaces may adversely affect the Hospitality segment's profitability. Our hotel guest rooms may be booked through OTAs such as Expedia.com, Travelocity.com, Hotels.com, etc. As guest bookings through OTAs increase, these intermediaries may be able to obtain higher commissions, reduced room rates and other significant contract concessions from the Company. Moreover, OTAs attempt to influence consumer choice behavior by increasing the visibility and importance of price, reviews and general indicators of quality (descriptors such as "four-star lakeside hotel") at the expense of brand identification on their websites and mobile applications. OTAs attract consumers by offering innovation, ease of use platforms, multiple travel products, membership programs, the ability to package travel products across different suppliers (such as car rental, guest room booking, activities and tickets) in one transaction, and other marketing techniques. OTAs hope that consumers will eventually develop loyalties to their online reservation system rather than to the brands under which hotel properties are franchised. The increasing reliance of consumers on online intermediaries and the continued expansion in technologies may negatively impact the strength of our partner brands, traditional distribution platforms and profit margins.

Advances in technology have made alternative lodging accommodations a direct source of competition to the hotel industry. Alternative lodging marketplaces, such as Airbnb and VRBO, operate websites and mobile applications that market available furnished, privately-owned residential properties, including homes, condominiums and vacation homes, that can be rented on a nightly, weekly or monthly basis. The influx of these lodging accommodations traditionally not available to consumers and the increased acceptance of these options by consumers may lead to a reduction in demand for conventional hotel guest rooms and to an increase in supply of lodging alternatives. If the use of alternative lodging marketplaces significantly increases, particularly among our key customer and location segments, the Hospitality segment's profitability may be adversely affected.

The Hospitality segment faces competition from other hotels and alternative lodging providers within the immediate vicinity of and in the broader geographic region where the Hospitality segment's hotels may be located.

The lodging sector is highly competitive. The Hospitality segment faces competition from a number of sources, including from Airbnb and from other hotels located in the immediate vicinity of and in the broader geographic areas where the Hospitality segment's hotels are and may be located. The Hospitality segment's hotel properties compete on the basis of

location, room rates, quality, service levels, reputation and reservations systems, among many factors. The Hospitality segment also faces competition from alternative lodging options such as Airbnb that have and may continue to add guest accommodations that compete with hotel inventory. OTAs may capture a greater share of guest bookings, which would have a negative impact on the strength of brands and their distribution platforms, while also adding to the Company's expenses in the form of fees to the OTAs. Such competition may reduce occupancy rates and revenues of the Hospitality segment and could have an adverse effect on the Company's business, cash flows, financial condition and results of operations. Increases in the cost to the Hospitality segment of acquiring hotel properties may adversely affect the ability of the Hospitality segment to acquire such properties on favorable terms and may otherwise have an adverse effect on the Company's results of operations and financial condition.

The hotel industry is subject to seasonal changes, which may cause fluctuations in room revenues, occupancy levels, room rates and operating expenses in particular hotels.

The seasonality of the hotel industry could have a material adverse effect on the Hospitality segment. The hotel industry is seasonal in nature, which can be expected to cause quarterly fluctuations in revenues. The Hospitality segment's earnings may be adversely affected by factors outside its control, including weather conditions and poor economic factors in certain markets in which the Hospitality segment operates. This seasonality can be expected to cause periodic fluctuations in room revenues, occupancy levels, room rates and operating expenses in particular hotels. The Hospitality segment can provide no assurances that cash flows will be sufficient to offset any shortfalls that occur as a result of these fluctuations. A decrease in cash flows in the Hospitality segment could adversely affect the Company's results of operations and financial condition.

Risks Related to Our Indebtedness and Financing Strategy

We have a substantial amount of indebtedness which may limit our financial and operating activities and may adversely affect our ability to incur additional debt to fund future needs.

As of December 31, 2025, we have approximately \$313.5 million of indebtedness outstanding related to our Portfolio. Payments of principal and interest on borrowings may leave us with insufficient cash resources to acquire additional investments or pay the distributions necessary to maintain our REIT qualification. Our level of debt and the limitations imposed on us by our debt agreements could have significant adverse consequences, including the following:

- require us to dedicate a substantial portion of cash flow from operations to the payment of principal, and interest on, indebtedness, thereby reducing the funds available for other purposes;
- make it more difficult for us to borrow additional funds as needed or on favorable terms, which could, among other things, adversely affect our ability to meet operational needs;
- force us to dispose of one or more of our investments, possibly on unfavorable terms or in violation of certain covenants to which we may be subject;
- subject us to increased sensitivity to increases in or high interest rates;
- make us more vulnerable to economic downturns, adverse industry conditions or catastrophic external events;
- limit our ability to withstand competitive pressures;
- limit our ability to refinance our indebtedness at maturity or the refinancing terms may be less favorable than the terms of our original indebtedness;
- reduce our flexibility in planning for or responding to changing business, industry and economic conditions; and/or
- place us at a competitive disadvantage to competitors that have relatively less debt than we have.

If any one of these events were to occur, our financial condition, results of operations, cash flow and trading price of our securities could be adversely affected.

Any credit facilities (including term loans and revolving facilities), debt securities, repurchase agreements, warehouse facilities, securitizations or other debt arrangements may impose restrictive covenants, which may restrict our flexibility to determine our operating policies and investment strategy.

We may enter into agreements with various counterparties to finance our operations, which may include entering into credit facilities (including term loans and revolving facilities), repurchase agreements, warehouse facilities, securitizations and/or issuing debt securities or other debt arrangements. The documents that govern these agreements may contain customary affirmative and negative covenants, including financial covenants applicable to us that may restrict our flexibility to determine our operating policies and investment strategy. For example, these agreements may require us to maintain a specific net debt to equity ratio, minimum NAV, senior debt service coverage ratio, consolidated unencumbered assets ratio, interest rate cap agreements, casualty and condemnation insurance or, among others, specified minimum levels of capacity under our credit facilities and cash. As a result, we may not be able to leverage our assets as fully as we would otherwise choose, which could reduce our return on assets. If we are unable to meet these collateral obligations, our financial condition and prospects could deteriorate significantly. In addition, lenders may require that our Adviser continue to serve in such capacity. If we fail to meet or satisfy any of these covenants, we would be in default under these agreements, and our lenders could elect to declare outstanding amounts due and payable, terminate their commitments, require the posting of additional collateral and enforce their interests against existing collateral. From time to time, we may also be in default of certain covenants contained in our credit agreements. We may also be subject to cross-default and acceleration rights in our other debt arrangements. Further, this could also make it difficult for us to satisfy the distribution requirements necessary to maintain our qualification as a REIT for U.S. federal income tax purposes.

Inability to access funding could have a material adverse effect on our results of operations, financial condition and business.

Our ability to fund our loans and investments may be impacted by our ability to secure bank credit facilities (including term loans and revolving facilities), warehouse facilities and structured financing arrangements, public and private debt issuances and derivative instruments, in addition to transaction or asset specific funding arrangements and additional repurchase agreements on acceptable terms. We may also rely on short-term financing that would be especially exposed to changes in availability. Our access to sources of financing will depend upon a number of factors, over which we have little or no control, including:

- general economic or market conditions;
- the market's view of the quality of our assets;
- the market's perception of our growth potential;
- our current and potential future earnings and cash distributions; and
- the market price of our securities.

We may need to periodically access the capital markets to raise cash to fund new loans and investments. Unfavorable economic or capital market conditions may increase our funding costs, limit our access to the capital markets or could result in a decision by our potential lenders not to extend credit. An inability to successfully access the capital markets could limit our ability to grow our business and fully execute our business strategy and could decrease our earnings and liquidity. In addition, any dislocation or weakness in the capital and credit markets could adversely affect our lenders and could cause one or more of our lenders to be unwilling or unable to provide us with financing or to increase the costs of that financing. In addition, as regulatory capital requirements imposed on our lenders are increased, they may be required to limit, or increase the cost of, financing they provide to us. In general, this could potentially increase our financing costs and reduce our liquidity.

or require us to sell assets at an inopportune time or price. We cannot make assurances that we will be able to obtain any additional financing on favorable terms or at all.

We are subject to counterparty risk associated with our debt obligations.

Our counterparties for critical financial relationships may include both domestic and international financial institutions. These institutions could be severely impacted by credit market turmoil, changes in legislation, allegations of civil or criminal wrongdoing and may as a result experience financial or other pressures. In addition, if a lender or counterparty files for bankruptcy or becomes insolvent, our borrowings under financing agreements with them may become subject to bankruptcy or insolvency proceedings, thus depriving us, at least temporarily, of the benefit of these assets. Such an event could restrict our access to financing and increase our cost of capital. If any of our counterparties were to limit or cease operation, it could lead to financial losses for us.

Any credit facilities (including term loans and revolving facilities), repurchase agreements, warehouse facilities, securitizations or other debt arrangements that we may use to finance our assets may require us to provide additional collateral or pay down debt.

We may utilize credit facilities, repurchase agreements, warehouse facilities, securitizations and other forms of financing to finance our assets if they are available on acceptable terms. In the event we utilize these financing arrangements, they would involve the risk that the market value of our assets pledged or sold by us to the repurchase agreement counterparty, provider of the credit facility, lender of the warehouse facility or the securitization counterparty may decline in value, in which case the applicable creditor may require us to provide additional collateral or to repay all or a portion of the funds advanced. We may not have the funds available to repay our debt at that time, which would likely result in defaults unless we are able to raise the funds from alternative sources, which we may not be able to achieve on favorable terms or at all. Posting additional collateral would reduce our liquidity and limit our ability to leverage our assets. If we cannot meet these requirements, the applicable creditor could accelerate our indebtedness, increase the interest rate on advanced funds and terminate our ability to borrow funds from them, which could materially and adversely affect our financial condition and ability to implement our business plan. In addition, in the event that the applicable creditor files for bankruptcy or becomes insolvent, our loans may become subject to bankruptcy or insolvency proceedings, thus depriving us, at least temporarily, of the benefit of these assets. Such an event could restrict our access to credit and increase our cost of capital. The applicable creditor may also require us to maintain a certain amount of cash or set aside assets sufficient to maintain a specified liquidity position that would allow us to satisfy our collateral obligations. As a result, we may not be able to leverage our assets as fully as we would choose which could reduce our return on assets. In the event that we are unable to meet these collateral obligations, our financial condition and prospects could deteriorate rapidly.

Risks Related to Our Corporate Structure

We have limited operating history as a REIT and may not be able to operate our business successfully, find suitable investments, or generate sufficient revenue to make or sustain distributions to our shareholders.

We ceased being an investment company registered under the Investment Company Act on July 1, 2022 and have limited operating history as a REIT. We may not be able to operate our business successfully, find suitable investments or implement our operating policies and strategies. Our ability to provide attractive risk-adjusted returns to our shareholders over the long term depends on our ability both to generate sufficient cash flow to pay an attractive distribution and to achieve capital appreciation, and we may not be able to do either. Similarly, we may not be able to generate sufficient revenue from operations to pay our operating expenses and make distributions to shareholders. The results of our operations will depend on several factors, including the availability of opportunities for the acquisition or origination of investments in commercial real estate, the level and volatility of interest rates, the availability of equity capital as well as adequate short- and long-term financing, conditions in the financial markets and economic conditions.

In addition, our future operating results and financial data may vary materially from the historical operating results and financial data contained in this Annual Report because of a number of factors. Consequently, the historical financial statements contained in this Annual Report may not be useful in assessing our likely future performance.

We depend upon key personnel of our Adviser and its affiliates.

We are an externally managed REIT and therefore we do not have any internal management capacity and expect to only have accounting employees. We will depend to a significant degree on the diligence, skill and network of business contacts of the management team and other key personnel of our Adviser, including Messrs. Dondero, McGraner, Sauter, Norris and Richards, all of whom may be difficult to replace. We expect that our Adviser will evaluate, negotiate, structure, close and monitor our loans and investments in accordance with the terms of the Advisory Agreement.

We will also depend upon the senior professionals of our Adviser to maintain relationships with sources of potential investments, and we intend to rely upon these relationships to provide us with potential investment opportunities. We cannot assure you that these individuals will continue to provide indirect investment advice to us. If these individuals, including the members of the management team of our Adviser, do not maintain their existing relationships with our Adviser, maintain existing relationships or develop new relationships with other sources of investment opportunities, we may not be able to grow our Portfolio. In addition, individuals with whom the senior professionals of our Adviser have relationships are not obligated to provide us with investment opportunities. Therefore, we can offer no assurance that these relationships will generate investment opportunities for us.

We are dependent upon our Adviser and its affiliates to conduct our day-to-day operations; thus, adverse changes in their financial health or our relationship with them could cause our operations to suffer.

We are dependent on our Adviser and its affiliates to manage our operations and originate, structure and manage our loans and investments. All of our investment decisions are made by our Adviser, subject to general oversight by our Adviser's investment committee and our Board. Any adverse changes in the financial condition of our Adviser or its affiliates, or our relationship with our Adviser, could hinder our Adviser's ability to successfully manage our operations and our Portfolio, which could materially adversely affect our business, results of operations, financial condition and ability to make distributions to our shareholders.

Our Adviser manages our Portfolio pursuant to very broad investment guidelines and is not required to seek the approval of our Board for each investment, financing, asset allocation or hedging decision made by it, which may result in our making riskier investments and which could materially and adversely affect us.

Our Adviser is authorized to follow very broad investment guidelines that provide it with substantial discretion in investment, financing, asset allocation and hedging decisions. Our Board will periodically review our investment guidelines and our Portfolio but will not, and is not required to, review and approve in advance all of our proposed investments or our Adviser's financing, asset allocation or hedging decisions. In addition, in conducting periodic reviews, our trustees may rely primarily on information provided, or recommendations made, to them by our Adviser or its affiliates. Subject to qualifying and maintaining our REIT qualification and our exclusion from regulation under the Investment Company Act, our Adviser has significant latitude within the broad investment guidelines in determining the types of investments it makes for us, and how such investments are financed or hedged, which could result in investment returns that are substantially below expectations or losses, which could materially and adversely affect us.

We may not replicate the historical results achieved by other entities managed or sponsored by affiliates of our Adviser and members of our Adviser's management team or by our Sponsor or its affiliates.

Our primary focus in making investments generally differs from that of existing investment funds, accounts or other investment vehicles that are or have been managed by affiliates of our Adviser, members of our Adviser's management team, our Sponsor or affiliates of our Sponsor. Past performance is not a guarantee of future results, and there can be no assurance that we will achieve comparable results of those Sponsor affiliates. In addition, investors in our securities are not acquiring

an interest in any such investment funds, accounts or other investment vehicles that are or have been managed by members of our Adviser's management team or our Sponsor or its affiliates. We also cannot assure you that we will replicate the historical results achieved by members of the management team, and we caution you that our investment returns could be substantially lower than the returns achieved by them in prior periods. Additionally, all or a portion of the prior results may have been achieved in particular market conditions which may never be repeated.

The Advisory Agreement may be terminated by (a) us, upon a cause event (as defined in the Advisory Agreement), on 30 days' written notice, (b) either party, without cause, upon the expiration of the then-current term with at least 180 days' written notice to the other party prior to the expiration of such term, (c) our Adviser, upon 30 days' written notice if we materially breach the agreement and such breach continues for 30 days before we are given such notice or (d) automatically in the event of an Advisers Act Assignment unless we provide written consent. If the Advisory Agreement is terminated for any one of these reasons, we may not be able to find a suitable replacement, resulting in a disruption in our operations that could adversely affect our financial condition, business, results of operations and cash flows.

The Advisory Agreement may be terminated by (a) us, upon a cause event (as defined in the Advisory Agreement), on 30 days' written notice, (b) either party, without cause, upon the expiration of the then-current term with at least 180 days' written notice to the other party prior to the expiration of such term, (c) our Adviser, upon 30 days' written notice if we materially breach the agreement and such breach continues for 30 days before we are given such notice or (d) automatically in the event of an Advisers Act Assignment unless we provide written consent. If the Advisory Agreement is terminated and no suitable replacement is found, we may not be able to execute our business plan. In addition, the coordination of our internal management and investment activities is likely to suffer if we are unable to identify and reach an agreement with a single institution or group of executives having the expertise possessed by our Adviser and its affiliates. Even if we are able to retain comparable management, the integration of such management and its lack of familiarity with our investment objectives may result in additional costs and time delays that may adversely affect our business, financial condition, results of operations and cash flows. Furthermore, we may incur certain costs in connection with a termination or non-renewal of the Advisory Agreement, including a termination fee equal to three times the Adviser's annual Fee (unless the Advisory Agreement is terminated as a result of a cause event).

Our Adviser maintains a contractual as opposed to a fiduciary relationship with us. Our Adviser's liability is limited under the Advisory Agreement, and we have agreed to indemnify our Adviser against certain liabilities.

Our Adviser maintains a contractual as opposed to a fiduciary relationship with us. Under the terms of the Advisory Agreement, our Adviser and its affiliates and their respective partners, members, officers, directors, employees and agents will not be liable to us (including but not limited to (1) any act or omission in connection with the conduct of our business that is determined in good faith to be in or not opposed to our best interest, (2) any act or omission based on the suggestions of certain professional advisors, (3) any act or omission by us, or (4) any mistake, negligence, misconduct or bad faith of certain brokers or other agents), unless any act or omission constitutes bad faith, fraud, willful misfeasance, intentional misconduct, gross negligence or reckless disregard of duties. We have also agreed to indemnify our Adviser and its affiliates and their respective partners, members, officers, directors, employees and agents from and against any and all claims, liabilities, damages, losses, costs and expenses that are incurred and arise out of or in connection with our business or investments, or the performance by the indemnitee of its responsibilities under the Advisory Agreement, provided that the conduct at issue did not constitute bad faith, fraud, willful misfeasance, intentional misconduct, gross negligence or reckless disregard of duties. As a result, we could experience poor performance or losses for which our Adviser would not be liable.

Under the terms of the Advisory Agreement, our Adviser will indemnify and hold us harmless from all claims, liabilities, damages, losses, costs and expenses, including amounts paid in satisfaction of judgments, in compromises and settlements, as fines and penalties and legal or other costs and expenses of investigating or defending against any claim or alleged claim, of any nature whatsoever, known or unknown, liquidated or unliquidated, that are incurred by reason of our Adviser's bad faith, fraud, willful misfeasance, intentional misconduct, gross negligence or reckless disregard of its duties; provided, however, that our Adviser will not be held responsible for any action of our Board in following or declining to follow any written advice or written recommendation given by our Adviser. However, the aggregate maximum amount that

our Adviser may be liable to us pursuant to the Advisory Agreement will, to the extent not prohibited by law, never exceed the amount of the management fees received by our Adviser under the Advisory Agreement prior to the date that the acts or omissions giving rise to a claim for indemnification or liability have occurred. In addition, our Adviser will not be liable for special, exemplary, punitive, indirect, or consequential loss, or damage of any kind whatsoever, including without limitation lost profits. The limitations described in the preceding two sentences will not apply, however, to the extent such damages are determined in a final binding non-appealable court or arbitration proceeding to result from the bad faith, fraud, willful misfeasance, intentional misconduct, gross negligence or reckless disregard of our Adviser's duties.

We may change our targeted investments and investment guidelines without shareholder consent.

We focus primarily on investing in various commercial real estate property types and across the capital structure, including but not limited to mortgage debt, mezzanine debt, and common and preferred equity. Our target underlying property types primarily include, but are not limited to, SFR, multifamily, self-storage, life science, office, industrial, hospitality, net lease and retail. To a limited extent, we may also hold, acquire or transact in certain non-real estate securities. We may make adjustments to our target Portfolio based on real estate market conditions and investment opportunities, and we may change our targeted investments and investment guidelines at any time without the consent of our shareholders. Any such change could result in our making investments that are different from, and possibly riskier than, the investments described in this Annual Report. These policies may change over time. A change in our targeted investments or investment guidelines, which may occur without notice to you or without your consent, may increase our exposure to interest rate risk, default risk and real estate market fluctuations, all of which could adversely affect the value of our securities and our ability to make distributions to you.

We will pay substantial fees and expenses to our Adviser and its affiliates, which payments increase the risk that you will not earn a profit on your investment.

Pursuant to the Advisory Agreement, we will pay significant fees to our Adviser and its affiliates. Those fees include management fees and obligations to reimburse our Adviser and its affiliates for expenses they incur in connection with their providing services to us, including certain personnel services. Additionally, in January 2023, our shareholders approved a long-term incentive plan that provides us the ability to grant awards to employees of our Adviser and its affiliates. For additional information on these fees and the fees paid to our Adviser, see "Item 1. Business-Our Advisory Agreement" and Note 14 to our consolidated financial statements for more information.

If we internalize our management functions, we may not achieve the perceived benefits of the internalization transaction.

In the future, our Board may consider internalizing the functions performed for us by our Adviser by, among other methods, acquiring our Adviser's assets. The method by which we could internalize these functions could take many forms. There is no assurance that internalizing our management functions will be beneficial to us and our shareholders. An acquisition of our Adviser could result in dilution of your interest as a shareholder and could reduce earnings per share. Additionally, we may not realize the perceived benefits or we may not be able to properly integrate a new staff of managers and employees or we may not be able to effectively replicate the services provided previously by our Adviser or its affiliates. Internalization transactions, including, without limitation, transactions involving the acquisition of affiliated advisors have also, in some cases, been the subject of litigation. Even if these claims are without merit, we could be forced to spend significant amounts of money defending claims which would reduce the amount of funds available for us to invest and to pay distributions. All of these factors could have a material adverse effect on our results of operations, financial condition and ability to pay distributions.

There are significant potential conflicts of interest that could affect our investment returns.

As a result of our arrangements with our Sponsor and our Adviser, there may be times when our Sponsor and our Adviser or their affiliated persons have interests that differ from those of our shareholders, giving rise to a conflict of interest.

Our trustees and management team serve or may serve as officers, directors or principals of entities that operate in the same or a related line of business as we do, or of investment funds managed by our Adviser or its affiliates. Similarly, our Adviser or its affiliates may have other clients with similar, different or competing investment objectives, including, among others, NexPoint Residential Trust, Inc. ("NXRT"), a publicly traded multi-family REIT, VineBrook Homes Trust, Inc. ("VineBrook"), an SFR REIT and NexPoint Real Estate Finance, Inc. ("NREF"), a publicly traded mortgage REIT, each of which is also managed by members of our management team. In serving in these multiple capacities, they may have obligations to other clients or investors in those entities, the fulfillment of which may not be in the best interest of us or our shareholders. For example, the management team of our Adviser has, and will continue to have, management responsibilities for other investment funds, accounts or other investment vehicles managed or sponsored by our Adviser and its affiliates. Our investment objectives may overlap with the investment objectives of such affiliated investment funds, accounts or other investment vehicles. As a result, those individuals may face conflicts in the allocation of investment opportunities among us and other investment funds or accounts advised by or affiliated with our Adviser and its affiliates. Our Adviser will seek to allocate investment opportunities among eligible accounts in a manner consistent with its allocation policy. However, we can offer no assurance that such opportunities will be allocated to us fairly or equitably in the short-term or over time.

The Chapter 11 bankruptcy filing by Highland Capital Management, L.P. ("Highland") may have materially adverse consequences on our business, financial condition and results of operations.

On October 16, 2019, Highland, a former affiliate of our Sponsor, filed for Chapter 11 bankruptcy protection with the United States Bankruptcy Court for the District of Delaware (the "Highland Bankruptcy"), which was subsequently transferred to the United States Bankruptcy Court for the Northern District of Texas (the "Bankruptcy Court"). On January 9, 2020, the Bankruptcy Court approved a change of control of Highland, which involved the resignation of James Dondero as the sole director of, and the appointment of an independent board to, Highland's general partner. On September 21, 2020, Highland filed a plan of reorganization and disclosure statement with the Bankruptcy Court, which was subsequently amended (the "Fifth Amended Plan of Reorganization" or the "Plan"). On October 9, 2020, Mr. Dondero resigned as an employee of Highland and as portfolio manager for all Highland-advised funds. As a result of these changes, our Sponsor is no longer under common control with Highland, and therefore Highland is no longer affiliated with us. On February 22, 2021, the Bankruptcy Court entered an order confirming the Plan, which became effective on August 11, 2021. On October 15, 2021, Marc S. Kirschner, as litigation trustee of a litigation subtrust formed pursuant to the Plan, filed a lawsuit (the "Bankruptcy Trust Lawsuit") against various persons and entities, including our Sponsor and James Dondero. The Bankruptcy Trust Lawsuit does not include claims related to our business or our assets or operations. On March 24, 2023, Marc S. Kirschner filed a motion seeking to voluntarily stay the Bankruptcy Trust Lawsuit, which motion was granted on April 4, 2023. On June 30, 2025, the Bankruptcy Court approved a settlement agreement between Highland and Hunter Mountain Investment Trust ("HMIT") pursuant to which the claims asserted in the Bankruptcy Trust Lawsuit were assigned to HMIT. On December 18, 2025, the presiding judge in the Bankruptcy Trust Lawsuit recused herself. The case was reassigned to a new bankruptcy judge.

The Highland Bankruptcy and lawsuits filed in connection therewith, including the Bankruptcy Trust Lawsuit, could expose our Sponsor, our Adviser, our affiliates, our management and/or us to negative publicity, which might adversely affect our reputation and/or investor confidence in us, and/or future debt or equity capital raising activities. In addition, the Highland Bankruptcy and the Bankruptcy Trust Lawsuit may be both time consuming and disruptive to our operations and cause significant diversion of management attention and resources which may materially and adversely affect our business, financial condition and results of operations. Further, the Highland Bankruptcy has and may continue to expose our Sponsor, our Adviser and our affiliates to claims arising out of our former relationship with Highland that could have an adverse effect on our business, financial condition and results of operations.

Litigation against James Dondero and others may have materially adverse consequences on our business, financial condition and results of operations.

On February 8, 2023, UBS Securities LLC and its affiliate (collectively, "UBS") filed a lawsuit in the Supreme Court of the State of New York, County of New York against Mr. Dondero and a number of other persons and entities seeking to

collect on \$1.3 billion in judgments UBS obtained against entities that were managed indirectly by Highland (the “UBS Lawsuit”). On February 26, 2024, the respondents, including Mr. Dondero, filed motions to dismiss the UBS Lawsuit. A hearing was held on July 8, 2024. The court dismissed the claims against one respondent, CLO HoldCo, Ltd., for lack of personal jurisdiction in a July 12, 2024 order. On August 24, 2024, UBS filed a notice of appeal for that dismissal order, but withdrew its appeal on December 31, 2025. On March 26, 2025, the court entered an order denying the remaining motions to dismiss and directed the respondents to file an answer to the UBS Lawsuit within 20 days, which they did. Mr. Dondero and the other remaining respondents are appealing the denial of the motion to dismiss to the Appellate Division of the Supreme Court of the State of New York. The Supreme Court scheduled a status conference in the UBS Lawsuit for April 14, 2026. The UBS Lawsuit does not include claims related to our business or our assets. While neither our Sponsor nor our Adviser are parties to the UBS Lawsuit, these proceedings could expose our Sponsor, our Adviser, our affiliates, our management and/or us to negative publicity, which might adversely affect our reputation and/or investor confidence in us, and/or future debt or equity capital raising activities. In addition, the UBS Lawsuit may be both time consuming and disruptive to our operations and cause significant diversion of management attention and resources which may materially and adversely affect our business, financial condition and results of operations.

We may compete with other entities affiliated with our Adviser and our Sponsor for investments.

Neither our Adviser nor our Sponsor and their affiliates are prohibited from engaging, directly or indirectly, in any other business or from possessing interests in any other business ventures that compete with ours. Our Adviser, our Sponsor and their affiliates may provide financing to similarly situated investments. Our Adviser and our Sponsor may face conflicts of interest when evaluating investment opportunities for us, and these conflicts of interest may have a negative impact on our ability to make attractive investments.

Our Adviser, its affiliates and their respective affiliates, officers and employees face competing demands relating to their time, and this may cause our operating results to suffer.

Our Adviser, its affiliates and their respective affiliates, officers and employees are key personnel, general partners, sponsors, managers, owners and advisors of other investment programs, including affiliate-sponsored investment products and investment programs focused on real estate, some of which have investment objectives and legal and financial obligations similar to ours and may have other business interests as well. Because these persons have competing demands on their time and resources, they may have conflicts of interest in allocating their time between our business and these other activities. If this occurs, the returns on our investments may suffer.

Our Adviser and its affiliates will face conflicts of interest, including significant conflicts created by our Adviser’s compensation arrangements with us, including compensation which may be required to be paid to our Adviser if the Advisory Agreement is terminated, which could result in actions that are not necessarily in the long-term best interest of our shareholders.

Under the Advisory Agreement, our Adviser or its affiliates are entitled to fees based on our “Managed Assets.” Because the Adviser’s compensation is not directly based on our performance, our Adviser’s interests are not wholly aligned with those of our shareholders. In that regard, our Adviser could be motivated to recommend riskier or more speculative investments that would entitle our Adviser to a higher fee. For example, because leverage other than accrued expenses incurred in the normal course of operations is included in the calculation of Managed Assets, our Adviser may have an incentive to utilize leverage more heavily than it otherwise would in order to increase its fees.

Our declaration of trust permits our Board to issue shares with terms that may subordinate the rights of our shareholders or discourage a third party from acquiring us in a manner that could otherwise result in a premium price to our shareholders.

Our Board may issue an unlimited number of shares of beneficial interest and may issue such other securities including preferred shares as it deems necessary, desirable or appropriate and establish the preferences, conversion or other rights, voting powers, restrictions, limitations as to distributions, qualifications and terms or conditions of redemption of any such

preferred shares. Thus, our Board could authorize the issuance of preferred shares with terms and conditions that could have priority as to distributions and amounts payable upon liquidation over the rights of the holders of our other shares. The issuance of such preferred shares could also have the effect of delaying, deferring or preventing a change in control of us, including an extraordinary transaction (such as a merger, tender offer or sale of all or substantially all of our assets) that might provide a premium price to holders of our shares.

Our declaration of trust contains certain provisions that may delay, defer or prevent an acquisition of our securities or a change in control.

Certain provisions of our declaration of trust may have the effect of inhibiting a third party from acquiring us or of impeding a change of control under circumstances that otherwise could provide our shareholders with the opportunity to realize a premium over the then-prevailing market price of such shares.

Under our declaration of trust, certain transactions require the affirmative vote or consent of a majority of our trustees followed by the affirmative vote of the holders of not less than seventy-five percent (75%) of our shares of beneficial interest of each affected class or series outstanding, voting as separate classes or series (the “Principal Shareholder Requirements”), when a Principal Shareholder (defined generally to mean any corporation, person or other entity which is the beneficial owner, directly or indirectly, of 5% or more of our outstanding shares of beneficial interest of all outstanding classes or series and includes any affiliate or associate, as such terms are defined in Rule 12b-2 of the General Rules and Regulations under the Exchange Act, of a Principal Shareholder) is a party to the transaction. These transactions include any:

- merger or consolidation of the Company or any subsidiary of the Company with or into any Principal Shareholder;
- issuance of any securities of the Company to any Principal Shareholder for cash (other than pursuant to any automatic dividend reinvestment plan);
- sale, lease or exchange of all or any substantial part of the assets of the Company to any Principal Shareholder (except assets having an aggregate fair market value of less than 2% of the total assets of the Company, aggregating for the purpose of such computation all assets sold, leased or exchanged in any series of similar transactions within a twelve-month period); or
- sale, lease or exchange to the Company or any subsidiary thereof, in exchange for securities of the Company, of any assets of any Principal Shareholder (except assets having an aggregate fair market value of less than 2% of the total assets of the Company, aggregating for the purposes of such computation all assets sold, leased or exchanged in any series of similar transactions within a twelve-month period).

The Principal Shareholder Requirements are not applicable if (i) 80% of our trustees approve by resolution a memorandum of understanding with the Principal Shareholder with respect to and substantially consistent with such transaction followed by, subject to a resolution of the trustees specifying a greater or lesser requirement with respect to the vote or quorum, the affirmative vote of a majority of our shares of beneficial interest present in person or represented by proxy and entitled to vote thereon, at a meeting where the holders of a majority of our shares of beneficial interest entitled to vote on the matter are present in person or by proxy, or (ii) the transaction is with an entity of which a majority of the outstanding shares of all classes and series of shares normally entitled to vote in elections of directors is owned of record or beneficially by the Company and its subsidiaries.

With respect to mergers or consolidations with a corporation, association, trust or organization, other than a Principal Shareholder, or the sale, lease or exchange of all or substantially all of the Company’s property, including its good will, to other than a Principal Shareholder, our declaration of trust requires authorization by two-thirds of our trustees; provided that any merger or consolidation in which the Company is not the surviving entity, or sale, lease or exchange of all or substantially all of the Company’s property (measured at the time that such transaction was originally approved by two-thirds of the trustees) will require the affirmative vote of the holders of not less than 75% of the shares of beneficial interest of each affected class or series outstanding, voting as separate classes or series, unless the transaction has been approved by 80% of the trustees, in which case, subject to a resolution of the trustees specifying a greater or a lesser requirement with respect to

the vote or quorum, such transaction will require the affirmative vote of a majority of our shares of beneficial interest present in person or represented by proxy and entitled to vote thereon, at a meeting where the holders of a majority of our shares of beneficial interest entitled to vote on the matter are present in person or by proxy.

Risks Related to Our REIT Status and Other Tax Items

We have elected to be treated as a REIT commencing with our taxable year ended December 31, 2021. Our failure to qualify or maintain our qualification as a REIT for U.S. federal income tax purposes would reduce the amount of funds we have available for distribution and limit our ability to make distributions to our shareholders.

We have elected to be treated as a REIT under the Code commencing with our taxable year ended December 31, 2021. However, we cannot assure you that we will qualify and remain qualified as a REIT. Our qualification as a REIT depends upon our ability to meet requirements, some on an annual and quarterly basis, regarding our organization and ownership, distributions of our income, the nature and diversification of our income and assets and other tests imposed by the Code. Meeting some of these requirements may involve the determination of various factual matters and circumstances not entirely within our control. The REIT qualification requirements are extremely complex and interpretation of the U.S. federal income tax laws governing qualification as a REIT is limited. Furthermore, future legislative, judicial or administrative changes to the U.S. federal income tax laws could be applied retroactively, which could result in our disqualification as a REIT. We believe we have been and are organized and qualify as a REIT, and we intend to operate in a manner that will permit us to continue to qualify as a REIT. However, we cannot assure you that we have qualified as a REIT, or that we will remain qualified as a REIT in the future.

If we fail to qualify as a REIT in any taxable year, we will face serious tax consequences that will substantially reduce the funds available for distributions to our shareholders because:

- we would not be allowed a deduction for distributions paid to shareholders in computing our taxable income and would be subject to U.S. federal income tax at the corporate tax rate;
- we could be subject to increased state and local taxes; and
- unless we are entitled to relief under certain U.S. federal income tax laws, we could not re-elect REIT status until the fifth calendar year after the year in which we failed to qualify as a REIT.

In addition, if we fail to qualify as a REIT, we will no longer be required to make distributions to our shareholders. As a result of all these factors, our failure to qualify as a REIT could impair our ability to expand our business and raise capital, and it would adversely affect the value of our securities.

Furthermore, we currently own and may acquire additional direct or indirect interests in one or more entities that have or will elect to be taxed as REITs under the Code (each, a “Subsidiary REIT”). A Subsidiary REIT is subject to the various REIT qualification requirements and other limitations described herein that are applicable to us. If a Subsidiary REIT were to fail to qualify as a REIT, then (i) that Subsidiary REIT would become subject to U.S. federal income tax and (ii) the Subsidiary REIT’s failure to qualify could have an adverse effect on our ability to comply with the REIT income and asset tests, and thus could impair our ability to qualify as a REIT unless we could avail ourselves of certain relief provisions.

Even if we qualify as a REIT for U.S. federal income tax purposes, we may be subject to other tax liabilities that reduce our cash flow and our ability to make distributions to you.

Even if we qualify for taxation as a REIT, we may be subject to certain U.S. federal, state and local or non-U.S. taxes on our income and assets, including taxes on any undistributed income, tax on income from some activities conducted as a result of a foreclosure, and state or local income, property and transfer taxes. In addition, our TRSs and any TRS we form in the future will be subject to U.S. federal income tax and applicable state and local taxes on their net income. State, local and non-U.S. income tax laws may differ substantially from the corresponding U.S. federal income tax laws. Any federal or state

taxes we pay will reduce our cash available for distribution to you. Prospective investors are urged to consult their tax advisors regarding the effect of other U.S. federal, state, local and non-U.S. tax laws on an investment in our shares.

To maintain our REIT qualification, we may be forced to borrow funds during unfavorable market conditions, and the unavailability of such capital on favorable terms at the desired times, or at all, may cause us to curtail our investment activities and/or to dispose of assets at inopportune times, which could adversely affect our financial condition, results of operations, cash flow and value of our securities.

In order to qualify and maintain our qualification as a REIT, among other requirements, we must distribute annually to our shareholders at least 90% of our REIT taxable income (which does not equal net income as calculated in accordance with GAAP), determined without regard to the deduction for distributions paid and excluding net capital gain. To the extent that we satisfy this distribution requirement, but distribute less than 100% of our REIT taxable income, we will be subject to U.S. federal corporate income tax on our undistributed taxable income. We will also be subject to U.S. federal income tax on our undistributed REIT taxable income and net capital gain and to a 4% nondeductible excise tax on any amount by which distributions we pay with respect to any calendar year are less than the sum of (a) 85% of our ordinary income, (b) 95% of our capital gain net income and (c) 100% of our undistributed income from prior years. To maintain our REIT qualification and avoid the payment of U.S. federal income and excise taxes, we may need to borrow funds to meet the REIT distribution requirements, even if the then-prevailing market conditions are not favorable for these borrowings. These borrowing needs could result from differences in timing between the actual receipt of income and inclusion of income for U.S. federal income tax purposes. For example, we may be required to accrue interest and discount income on SFR mortgage loans, CMBS, and other types of debt securities or interests in debt securities before we receive any payments of interest or principal on such assets. Our access to third-party sources of capital depends on a number of factors, including the market's perception of our growth potential, our current debt levels, and our current and potential future earnings. We cannot assure you that we will have access to such capital on favorable terms at the desired times, or at all, which may cause us to curtail our investment activities and/or to dispose of assets at inopportune times, and could adversely affect our financial condition, results of operations, cash flow and the value of our securities. Alternatively, we may make taxable in-kind distributions of our own shares, which may cause our shareholders to be required to pay income taxes with respect to such distributions in excess of any cash they receive, or we may be required to withhold taxes with respect to such distributions in excess of any cash our shareholders receive.

The failure of a mezzanine loan to qualify as a real estate asset could adversely affect our ability to qualify as a REIT.

We plan to invest in mezzanine loans for which the Internal Revenue Service (the "IRS") has provided a safe harbor but not rules of substantive law. Pursuant to the safe harbor, if a mezzanine loan meets certain requirements, it will be treated by the IRS as a real estate asset for purposes of the REIT asset tests, and interest derived from the mezzanine loan will be treated as qualifying mortgage interest for purposes of the 75% gross income test. We may invest in mezzanine loans that do not meet all of the requirements of this safe harbor. In the event we own a mezzanine loan that does not meet the safe harbor, the IRS could challenge such loan's treatment as a real estate asset for purposes of the REIT asset and income tests and, if such a challenge were sustained, we could fail to qualify as a REIT.

There is a lack of clear authority governing the characterization of our subordinated debt or preferred equity investments for REIT qualification purposes.

There is limited case law and administrative guidance addressing whether instruments similar to any mezzanine loans or preferred equity investments that we may acquire will be treated as equity or debt for U.S. federal income tax purposes. We typically do not anticipate obtaining private letter rulings from the IRS or opinions of counsel on the characterization of those investments for U.S. federal income tax purposes. If the IRS successfully recharacterizes a mezzanine loan or preferred equity investment that we have treated as debt for U.S. federal income tax purposes as equity for U.S. federal income tax purposes, we would be treated as owning the assets held by the partnership or limited liability company that issued the security and we would be treated as receiving our proportionate share of the income of the entity. There can be no assurance that such an entity will not derive nonqualifying income for purposes of the 75% or 95% gross income test or earn income

that could be subject to a 100% penalty tax. Alternatively, if the IRS successfully recharacterizes a mezzanine loan or preferred equity investment that we have treated as equity for U.S. federal income tax purposes as debt for U.S. federal income tax purposes, then that investment may be treated as producing interest income that would be qualifying income for the 95% gross income test, but not for the 75% gross income test. If the IRS successfully challenges the classification of our mezzanine loans or preferred equity investments for U.S. federal income tax purposes, no assurance can be provided that we will not fail to satisfy the 75% or 95% gross income test.

The “taxable mortgage pool” rules may increase the taxes that we or our shareholders may incur and may limit the manner in which we effect future securitizations.

Securitizations by us or our subsidiaries could result in the creation of taxable mortgage pools for U.S. federal income tax purposes. As a result, we could have “excess inclusion income.” Certain categories of shareholders, such as non-U.S. shareholders eligible for treaty or other benefits, shareholders with net operating losses, and certain tax-exempt shareholders that are subject to unrelated business income tax, could be subject to increased taxes on a portion of their dividend income from us that is attributable to any such excess inclusion income. In addition, to the extent that our shares are owned by tax-exempt “disqualified organizations,” such as certain government-related entities and charitable remainder trusts that are not subject to tax on unrelated business taxable income, we may incur a tax at the corporate rate on a portion of any excess inclusion income. Moreover, we could face limitations in selling equity interests in these securitizations to outside investors or selling any debt securities issued in connection with these securitizations that might be considered to be equity interests for tax purposes. These limitations may prevent us from using certain techniques to maximize our returns from securitization transactions.

Complying with REIT requirements may cause us to forego otherwise attractive opportunities or liquidate otherwise attractive investments.

To qualify as a REIT, we must ensure that we meet the REIT gross income tests annually and that, at the end of each calendar quarter, at least 75% of the value of our assets consists of cash, cash items, government securities, shares in REITs and other qualifying real estate assets, including certain mortgage loans and certain kinds of CMBS and debt instruments of publicly offered REITs. The remainder of our investments in securities (other than government securities, securities issued by a TRS and REIT qualified real estate assets) generally cannot include more than 10% of the outstanding voting securities of any one issuer or more than 10% of the total value of the outstanding securities of any one issuer. In addition, in general, no more than 5% of the value of our assets (other than government securities, securities issued by a TRS and securities that are qualifying real estate assets) can consist of the securities of any one issuer, and no more than 25% of the value of our total securities can be represented by securities of one or more TRSs. In order to meet these tests, we may be required to forego investments we might otherwise make. Thus, compliance with the REIT requirements may hinder our performance. Moreover, if we fail to comply with these requirements at the end of any calendar quarter, we must correct the failure within 30 days after the end of the calendar quarter or qualify for certain statutory relief provisions to avoid losing our REIT qualification and suffering adverse tax consequences. As a result, we may be required to liquidate from our Portfolio, or contribute to a TRS, otherwise attractive investments, and may be unable to pursue investments that would be otherwise advantageous to us in order to satisfy the income or asset requirements for qualifying as a REIT. These actions could have the effect of reducing our income and amounts available for distribution to our shareholders.

If our OP failed to qualify as a partnership for U.S. federal income tax purposes, we would cease to qualify as a REIT.

We believe that our OP will be treated as a partnership for U.S. federal income tax purposes, and intends to take that position for all income tax reporting positions. As a partnership, our OP generally will not be subject to U.S. federal income tax on its income. Instead, each of its partners, including us, will be allocated, and may be required to pay tax with respect to, its share of our OP’s income. We cannot assure you, however, that the IRS will not challenge the status of our OP or any other subsidiary partnership in which we own an interest as a partnership for U.S. federal income tax purposes, or that a court would not sustain such a challenge. If the IRS were successful in treating our OP or any other such subsidiary partnership as an entity taxable as a corporation for U.S. federal income tax purposes (including by reason of being classified as a publicly

traded partnership, unless at least 90% of its income was qualifying income as defined in the Code, or a “taxable mortgage pool” for U.S. federal income tax purposes), we would fail to meet the gross income tests and certain of the asset tests applicable to REITs and, accordingly, we would likely cease to qualify as a REIT, unless we qualified for certain statutory savings provisions. A “publicly traded partnership” is a partnership whose partnership interests are traded on an established securities market or are readily tradable on a secondary market (or the substantial equivalent thereof). Although our OP’s partnership units are not traded on an established securities market, the OP’s units could be viewed as readily tradable on a secondary market (or the substantial equivalent thereof), and our OP may not qualify for one of the “safe harbors” under the applicable tax regulations. Qualifying income for the 90% test generally includes passive income, such as real property rents, dividends and interest. The income requirements applicable to REITs and the definition of qualifying income for purposes of this 90% test are similar in most respects. Our OP may not meet this qualifying income test. Also, the failure of our OP or any subsidiary partnerships to qualify as a partnership could cause it to become subject to U.S. federal and state corporate income tax, which would reduce significantly the amount of cash available for debt service and for distribution to its partners, including us.

Dividends payable by REITs generally do not qualify for the reduced tax rates available for some dividends.

Income from “qualified dividends” payable to U.S. shareholders that are individuals, trusts and estates is generally subject to tax at reduced rates. Currently, the maximum tax rate applicable to qualified income payable to U.S. shareholders that are individuals, trusts and estates is 20%. Dividends payable by REITs, however, generally are not eligible for this reduced rate. However, U.S. shareholders that are individuals, trusts and estates generally may deduct up to 20% of the ordinary dividends (e.g., dividends not designated as capital gain dividends or qualified dividend income) received from a REIT (subject to certain limitations). To qualify for this deduction, the U.S. shareholder receiving such dividends must hold the dividend-paying REIT shares for at least 46 days (taking into account certain special holding period rules) of the 91-day period beginning 45 days before the share becomes ex-dividend and cannot be under an obligation to make related payments with respect to a position in substantially similar or related property. Although this deduction reduces the effective U.S. federal income tax rate applicable to certain dividends paid by REITs (generally to 29.6% assuming the shareholder is subject to the 37% maximum rate), such tax rate is still higher than the tax rate applicable to corporate dividends that constitute qualified dividend income. Accordingly, investors who are individuals, trusts and estates may perceive investments in REITs to be relatively less attractive than investments in the shares of non-REIT corporations that pay dividends, which could materially and adversely affect the value of the shares of REITs, including the per share trading price of our securities. In addition, certain U.S. shareholders may be subject to a 3.8% Medicare tax on dividends payable by REITs. Tax rates could be changed in future legislation.

The share ownership restrictions of the Code for REITs and the 9.8% share ownership limits in our declaration of trust may inhibit market activity in our shares and restrict our business combination opportunities.

In order to qualify as a REIT, five or fewer individuals, as defined in the Code, may not own, actually or constructively, more than 50% in value of our issued and outstanding shares at any time during the last half of each taxable year, other than the first year for which a REIT election is made. Attribution rules in the Code determine if any individual or entity actually or constructively owns our shares under this requirement. Additionally, at least 100 persons must beneficially own our shares during at least 335 days of a taxable year for each taxable year, other than the first year for which a REIT election is made. To help ensure that we meet these tests, among other purposes, our declaration of trust includes restrictions on the acquisition and ownership of our shares.

To assist us in complying with the limitations on the concentration of ownership of a REIT imposed by the Code, among other purposes, our declaration of trust, including the statements of preferences setting forth the terms of the Series A Preferred Shares and the Series B Preferred Shares, prohibits, with certain exceptions, any shareholder from beneficially or constructively owning, applying certain attribution rules under the Code, more than 9.8% by value or number of shares, whichever is more restrictive, of the aggregate of our outstanding common shares, or 9.8% by value or number of shares, whichever is more restrictive, of the aggregate of our outstanding shares of any class or series, including the Series A Preferred Shares and Series B Preferred Shares.

Our Board may, in its sole discretion, subject to such conditions as it may determine and the receipt of certain representations and undertakings, waive the 9.8% ownership limit with respect to a particular shareholder if such ownership will not then or in the future jeopardize our qualification as a REIT. Our Board granted James Dondero and his affiliates a waiver allowing them to own up to 25% of our outstanding capital shares. Our declaration of trust also prohibits any person from, among other things, beneficially or constructively owning our shares that would result in our being “closely held” under Section 856(h) of the Code (without regard to whether the ownership interest is held during the last half of a taxable year), or otherwise cause us to fail to qualify as a REIT (including, but not limited to, beneficial ownership or constructive ownership that would result in us owning (actually or constructively) an interest in a tenant that is described in Section 856(d)(2)(B) of the Code if the income derived by us from such tenant would cause us to fail to satisfy any of the gross income requirements of Section 856(c) of the Code) or a “domestically controlled qualified investment entity” within the meaning of Section 897(h)(4)(B) of the Code.

Our declaration of trust provides that any ownership or purported transfer of our shares in violation of the foregoing restrictions will result in the shares so owned or transferred being automatically transferred to a charitable trust for the benefit of a charitable beneficiary, and the purported owner or transferee acquiring no rights in such shares. If a transfer of our shares would result in our shares being beneficially owned by fewer than 100 persons or the transfer to a charitable trust would be ineffective for any reason to prevent a violation of the other restrictions on ownership and transfer of our shares, the transfer resulting in such violation will be void ab initio. These ownership limits may prevent a third party from acquiring control of us if our Board does not grant an exemption from the ownership limits, even if our shareholders believe such change of control is in their best interest.

The Board granted waivers from the ownership limits to James Dondero, his affiliates and others and may grant additional waivers in the future. These waivers may be subject to certain initial and ongoing conditions designed to preserve our status as a REIT. These restrictions on transferability and ownership will not apply, however, if our Board determines that it is no longer in our best interest to qualify as a REIT or that compliance with the restrictions is no longer required in order for us to qualify as a REIT.

These ownership limits could also delay or prevent a transaction or a change in control that might involve a premium price for our securities or otherwise be in the best interest of the shareholders.

Complying with REIT requirements may limit our ability to hedge our liabilities effectively and may cause us to incur tax liabilities.

The REIT provisions of the Code may limit our ability to hedge our liabilities. Any income from a hedging transaction we enter into to manage risk of interest rate changes, price changes or currency fluctuations with respect to borrowings made or to be made to acquire or carry real estate assets or to offset certain other positions, if properly identified under applicable Treasury regulations, does not constitute “gross income” for purposes of the 75% or 95% gross income tests. To the extent that we enter into other types of hedging transactions, the income from those transactions will likely be treated as non-qualifying income for purposes of both of the gross income tests. As a result of these rules, we may need to limit our use of advantageous hedging techniques or implement those hedges through a TRS. This could increase the cost of our hedging activities because our TRSs would be subject to tax on gains or expose us to greater risks associated with changes in interest rates than we would otherwise want to bear. In addition, losses from hedges held in a TRS generally will not provide any tax benefit, except for being carried forward against future taxable income of such TRS.

Certain of our business activities are potentially subject to the prohibited transaction tax, which could reduce the return on your investment.

For so long as we qualify as a REIT, our ability to dispose of assets may be restricted to a substantial extent as a result of our REIT qualification. Under applicable provisions of the Code regarding prohibited transactions by REITs, while we qualify as a REIT, we will be subject to a 100% penalty tax on any gain recognized on the sale or other disposition of any asset (other than foreclosure property) that we own or hold an interest in, directly or indirectly through any subsidiary entity,

including our OP, but generally excluding TRSs, that is deemed to be inventory or property held primarily for sale to customers in the ordinary course of a trade or business. Whether property is inventory or otherwise held primarily for sale to customers in the ordinary course of a trade or business depends on the particular facts and circumstances surrounding each property. During such time as we qualify as a REIT, we intend to avoid the 100% prohibited transaction tax by (a) conducting activities that may otherwise be considered prohibited transactions through a TRS (but such TRS will incur corporate rate income taxes with respect to any income or gain recognized by it), (b) conducting our operations in such a manner so that no sale or other disposition of an asset we own or hold an interest in, directly or through any subsidiary, will be treated as a prohibited transaction, or (c) structuring certain asset dispositions to comply with the requirements of the prohibited transaction safe harbor available under the Code that, among other requirements, have been held for at least two years. No assurance can be given that any particular asset that we own or hold an interest in, directly or through any subsidiary entity, including our OP, but generally excluding TRSs, will not be treated as inventory or property held primarily for sale to customers in the ordinary course of a trade or business.

The 100% tax described above may limit our ability to enter into transactions that would otherwise be beneficial to us. For example, if circumstances make it not profitable or otherwise uneconomical for us to remain in certain states or geographical markets, the 100% tax could delay our ability to exit those states or markets by selling our assets in those states or markets other than through a TRS, which could harm our operating profits.

We may be required to report taxable income for certain investments in excess of the economic income we ultimately realize from them.

We may acquire debt instruments, including but not limited to SFR mortgage loans and CMBS, in the secondary market for less than their face amount. The amount of such discount will generally be treated as “market discount” for U.S. federal income tax purposes. Accrued market discount is reported as income when, and to the extent that, any payment of principal of the debt instrument is made, unless we elect to include accrued market discount in income as it accrues. Principal payments on certain loans are made monthly, and consequently accrued market discount may have to be included in income each month as if the debt instrument were assured of ultimately being collected in full. If we collect less on the debt instrument than our purchase price plus the market discount we had previously reported as income, we may not be able to benefit from any offsetting loss deductions.

Similarly, some of the debt instruments that we acquire may have been issued with original issue discount. We will be required to report such original issue discount based on a constant yield method and will be taxed based on the assumption that all future projected payments due on such debt instruments will be made. If such debt instrument turns out not to be fully collectible, an offsetting loss deduction will become available only in the later year that uncollectibility is provable. Finally, in the event that any debt instruments acquired by us are delinquent as to mandatory principal and interest payments, or in the event payments with respect to a particular debt instrument are not made when due, we may nonetheless be required to continue to recognize the unpaid interest as taxable income as it accrues, despite doubt as to its ultimate collectability. Similarly, we may be required to accrue interest income with respect to subordinate debt instruments at their stated rate regardless of whether corresponding cash payments are received or are ultimately collectable. In each case, while we would in general ultimately have an offsetting loss deduction available to us when such interest was determined to be uncollectible, the utility of that deduction could depend on our having taxable income in that later year or thereafter.

The interest apportionment rules under Treasury Regulations Section 1.856-5(c) provide that, if a mortgage is secured by both real property and other property, a REIT is required to apportion its annual interest income to the real property security based on a fraction, the numerator of which is the value of the real property securing the loan, determined when the REIT commits to acquire the loan, and the denominator of which is the highest “principal amount” of the loan during the year. In IRS Revenue Procedure 2014-51, the IRS interprets the “principal amount” of the loan to be the face amount of the loan, despite the Code requiring taxpayers to treat any market discount, that is the difference between the purchase price of the loan and its face amount, for all purposes (other than certain withholding and information reporting purposes) as interest rather than principal.

If we invest in mortgage loans to which the interest apportionment rules described above would apply and the IRS were to assert successfully that our mortgage loans were secured by property other than real estate, the interest apportionment rules applied for purposes of our REIT testing, and that the position taken in IRS Revenue Procedure 2014-51 should be applied to our Portfolio, then depending upon the value of the real property securing our mortgage loans and their face amount, and the sources of our gross income generally, we may fail to meet the 75% gross income test. If we do not meet this test, we could potentially lose our REIT qualification or be required to pay a penalty to the IRS.

The sale of certain properties could result in significant tax liabilities unless we are able to defer the taxable gain through 1031 Exchanges.

We may structure asset sales to qualify as a tax deferred exchange under Section 1031 of the Code (“1031 Exchanges”). The ability to complete a 1031 Exchange depends on many factors, including, among others, identifying and acquiring suitable replacement property within limited time periods, and the ownership structure of the properties being sold and acquired. Therefore, we are not always able to sell an asset as part of a 1031 Exchange. When successful, a 1031 Exchange enables us to defer the taxable gain on the asset sold. If we cannot defer the taxable gain resulting from the sales of certain properties, our business, financial condition, results of operations and cash flow, the market price per share of our securities and our ability to satisfy our debt service obligations and make distributions to our shareholders could be materially and adversely affected.

The ability of our Board to revoke our REIT qualification without shareholder approval may cause adverse consequences to our shareholders.

Our declaration of trust provides that our Board may revoke or otherwise terminate our REIT election, without the approval of our shareholders, if it determines that it is no longer in our best interest to continue to qualify as a REIT. If we cease to be a REIT, we will not be allowed a deduction for distributions paid to shareholders in computing our taxable income and will be subject to U.S. federal income tax at corporate rates and state and local taxes, which may have adverse consequences on our total return to our shareholders.

Legislative or other actions affecting REITs could have a negative effect on our shareholders or us.

The rules dealing with U.S. federal income taxation are constantly under review by persons involved in the legislative process and by the IRS and the U.S. Department of the Treasury. Changes to the tax laws, with or without retroactive application, could materially and adversely affect our investors or us. We cannot predict how changes in the tax laws might affect our investors or us. New legislation, Treasury regulations, administrative interpretations or court decisions could significantly and negatively affect our ability to qualify as a REIT or the U.S. federal income tax consequences of such qualification, or the U.S. federal income tax consequences of an investment in us. Also, the law relating to the tax treatment of other entities, or an investment in other entities, could change, making an investment in such other entities more attractive relative to an investment in a REIT. Prospective investors are urged to consult with their tax advisors regarding the effect of potential changes to the U.S. federal tax laws on an investment in our shares.

Recent changes in tax law may impact our shareholders or us.

On July 4, 2025, President Trump signed into law the legislation known as the One Big Beautiful Bill Act (the “OBBBA”). The OBBBA made significant changes to the U.S. federal income tax laws in various areas. Among the notable changes, the OBBBA permanently extended certain provisions that were enacted in the Tax Cuts and Jobs Act of 2017, most of which were set to expire after December 31, 2025. These include the permanent extension of (i) the reduced marginal U.S. federal income tax rates, (ii) the 20% deduction on “qualified REIT dividends” for individuals and other non-corporate taxpayers, and (iii) the limitation on non-corporate taxpayers using “excess business losses” to offset other income. The OBBBA also restored and made permanent 100% bonus depreciation for qualified short-lived business property placed in service after January 19, 2025. The long-term impact of the OBBBA on the overall economy, government revenues, us, and

the real estate industry cannot be reliably predicted. Prospective investors are urged to consult with their tax advisors regarding the OBBBA and its potential effect on an investment in our shares.

We and our subsidiaries and shareholders may be subject to state, local or foreign tax filing and payment obligations in various jurisdictions including those in which we or they transact business, own property or reside.

We may own assets located in, or transact business in, numerous jurisdictions, and may be required to file tax returns in some or all of those jurisdictions. Our state, local or foreign tax treatment and that of our shareholders may not conform to the U.S. federal income tax treatment discussed above. Prospective investors should consult their tax advisors regarding the application and effect of state and local income and other tax laws on an investment in our shares.

Foreign investors may be subject to U.S. federal withholding tax and may be subject to U.S. federal income tax on distributions received from us and upon disposition of our capital shares.

Subject to certain exceptions, distributions received from us will be treated as distributions of ordinary income to the extent such distributions are out of our current or accumulated earnings and profits. Such distributions paid to a non-U.S. shareholder ordinarily will be subject to U.S. withholding tax at a 30% rate, or such lower rate as may be specified by an applicable income tax treaty, unless the distributions are treated as “effectively connected” with the conduct by the non-U.S. shareholder of a U.S. trade or business. Pursuant to the Foreign Investment in Real Property Tax Act of 1980 (“FIRPTA”), capital gain distributions attributable to sales or exchanges of “U.S. real property interests” (“USRPIs”), generally will be taxed to a non-U.S. shareholder as if such gain were effectively connected with a U.S. trade or business. However, a capital gain dividend will not be treated as effectively connected income if (1) the distribution is received with respect to a class of shares that is regularly traded on an established securities market located in the United States and (2) the non-U.S. shareholder does not own more than 10% of the class of our shares at any time during the one-year period ending on the date the distribution is received.

Gain recognized by a non-U.S. shareholder upon the sale or exchange of our capital shares generally will not be subject to U.S. federal income taxation unless such shares constitute a USRPI under FIRPTA. Our capital shares will not constitute a USRPI so long as we are a “domestically-controlled” REIT. A REIT is “domestically controlled” if less than 50% of the REIT’s shares, by value, has been owned directly or indirectly by persons who are not qualifying U.S. persons during a continuous five-year period ending on the date of disposition or, if shorter, during the entire period of the REIT’s existence. We cannot assure you that we will qualify as a “domestically controlled” REIT. If we were to fail to so qualify, gain realized by foreign investors on a sale of shares of our shares beneficial interests would be subject to FIRPTA tax, unless the shares of our beneficial interests were traded on an established securities market and the foreign investor did not at any time during a specified testing period directly or indirectly own more than 10% of the value of our outstanding capital shares.

Our ownership of interests in TRSs raises certain tax risks.

A TRS is a corporation other than a REIT in which a REIT directly or indirectly holds shares, and that has made a joint election with such REIT to be treated as a TRS. A TRS also includes any corporation other than a REIT with respect to which a TRS owns securities possessing more than 35% of the total voting power or value of the outstanding securities of such corporation. Other than some activities relating to lodging and health care facilities, a TRS may generally engage in any business, including the provision of customary or non-customary services to tenants of its parent REIT. A TRS is subject to income tax as a C corporation. We currently own interests in multiple TRS entities and may acquire securities in additional TRSs in the future. As of December 31, 2025, the Company wholly owned and consolidated two TRSs, NREO TRS, LLC and NHF TRS, LLC. As of December 31, 2025, the Company consolidated seven TRSs (the “NHT TRSs”) that are subsidiaries of NHT as a result of the NHT Acquisition (as defined in Note 2).

We will be required to pay a 100% tax on any “redetermined rents,” “redetermined deductions,” “excess interest” or “redetermined TRS service income.” In general, redetermined rents are rents from real property that are overstated as a result of services furnished to any of our tenants by a TRS of ours. Redetermined deductions and excess interest generally represent amounts that are deducted by a TRS of ours for amounts paid to us that are in excess of the amounts that would have been

deducted based on arm's-length negotiations. Redetermined TRS service income generally represents amounts by which the gross income of a TRS attributable to its services for or on behalf of us (other than to a tenant of ours) would be increased based on arm's length negotiations.

Our TRSs are and any TRS we acquire in the future will be subject to corporate income tax at the U.S. federal, state and local levels, (including on the gain realized from the sale of property held by it, as well as on income earned while such property is operated by the TRS). This tax obligation, if material, would diminish the amount of the proceeds from the sale or operation of such property, or other income earned through the TRS that would be distributable to our shareholders. U.S. federal, state and local corporate income tax rates may be increased in the future, and any such increase would reduce the amount of the net proceeds available for distribution by us to our shareholders from the sale of property or other income earned through a TRS after the effective date of any increase in such tax rates. We anticipate income tax obligations in connection with our ownership of interests in TRSs for fiscal year 2025.

As a REIT and for taxable years beginning after December 31, 2025, the value of our interests in our TRSs generally may not exceed 20% of the total value of our total assets at the end of any calendar quarter. If the IRS were to determine that the value of our interests in all of our TRSs exceeded this limit at the end of any calendar quarter, then we would fail to qualify as a REIT. If we determine it to be in our best interest to own a substantial number of our properties through one or more TRSs, then it is possible that the IRS may conclude that the value of our interests in our TRSs exceeds 25% of the value of our total assets at the end of any calendar quarter and therefore cause us to fail to qualify as a REIT. Additionally, as a REIT, no more than 25% of our gross income with respect to any year may, in general, be from sources other than certain real estate-related assets. Dividends paid to us from a TRS are typically considered to be non-real estate income. Therefore, we may fail to qualify as a REIT if dividends from all of our TRSs, when aggregated with all other non-real estate income with respect to any one year, are more than 25% of our gross income with respect to such year.

Mortgage debt obligations associated with our real property investments expose us to the possibility of foreclosure, which could result in the loss of our investment in a property or group of properties subject to mortgage debt, as well as hinder our ability to meet REIT distribution requirements or trigger tax indemnification obligations.

Mortgage and other secured debt obligations increase our risk of property losses because defaults on indebtedness secured by properties may result in foreclosure actions initiated by lenders and ultimately our loss of the property securing any loans for which we are in default. Any foreclosure on a mortgaged property or group of properties could adversely affect the overall value of our Portfolio of properties. For U.S. federal income tax purposes, a foreclosure on any of our properties that is subject to a nonrecourse mortgage loan would be treated as a sale of the property for a purchase price equal to the outstanding balance of the debt secured by the mortgage. If the outstanding balance of the debt secured by the mortgage exceeds our tax basis in the property, we would recognize taxable income on foreclosure, but would not receive any cash proceeds, which could hinder our ability to meet the REIT distribution requirements imposed by the Code. Foreclosures could also trigger tax indemnification obligations under the terms of any tax protection agreements with respect to the sales of properties subject to any such agreements.

Risks Related to the Ownership of Our Common Shares

The concentration of our share ownership may limit your ability to influence corporate matters.

James Dondero is the sole member of the general partner of our Sponsor and has relationships with certain holders of our common shares which may result in Mr. Dondero being deemed to have aggregate beneficial ownership of approximately 11,880,687 common shares (or 23.67% of our common shares) and 103,720 of our Series A Preferred Shares (or 3.09% of our Series A Preferred Shares) as of December 31, 2025.

The concentration of our share ownership may limit your ability to influence corporate matters. Mr. Dondero and his affiliates may exert substantial influence on actions requiring a shareholder vote, potentially in a manner that you do not support, including amendments to our declaration of trust and approval of major corporate transactions, including the decision to enter into any corporate transaction. Such concentration of voting power could have the effect of delaying, deterring, or

preventing a change of control or other business combination, which could, in turn, have an adverse effect on the market price of our common shares or prevent our shareholders from realizing a premium over the then-prevailing market price for their common shares. Moreover, the interests of this concentration of ownership may not always coincide with our interests or the interests of other shareholders, and accordingly, they could cause us to enter into transactions or agreements that we would not otherwise consider.

In addition, sales of significant amounts of shares beneficially held by Mr. Dondero, his affiliates and other entities with which he has relationships, or the prospect of these sales, could adversely affect the market price of our common shares. This concentrated share ownership may discourage a potential acquirer from making a tender offer or otherwise attempting to obtain control of us, which in turn could reduce our share price or prevent our shareholders from realizing a premium over our share price.

Broad market fluctuations could negatively impact the market price of our common shares.

The market price of our common shares may be volatile. In addition, the trading volume in our common shares may fluctuate and cause significant price variations to occur. We cannot assure you that the market price of our common shares will not fluctuate or decline significantly in the future. Some of the factors that could affect our share price or result in fluctuations in the price or trading volume of our common shares include:

- actual or anticipated variations in our quarterly operating results, financial condition, cash flow and liquidity, or changes in investment strategy or prospects;
- changes in our operations or earnings estimates or publication of research reports about us or the real estate industry;
- loss of a major funding source or inability to obtain new favorable funding sources in the future;
- our financing strategy and leverage;
- actual or anticipated accounting problems;
- changes in market valuations of similar companies;
- increases in or high interest rates that lead purchasers of our shares to demand a higher yield;
- adverse market reaction to any increased indebtedness we incur in the future;
- additions or departures of key management personnel;
- actions by institutional shareholders;
- speculation in the press or investment community;
- the realization of any of the other risk factors presented in this Annual Report;
- the extent of investor interest in our securities;
- the general reputation of REITs and the attractiveness of our equity securities in comparison to other equity securities, including securities issued by other real estate-based companies;
- our underlying asset value;

- investor confidence and price and volume fluctuations in the shares and bond markets, generally;
- changes in laws, regulatory policies or tax guidelines, or interpretations thereof, particularly with respect to REITs;
- future equity issuances by us, or share resales by our shareholders, or the perception that such issuances or resales may occur;
- failure to meet income estimates;
- failure to meet and maintain REIT qualifications or exclusion from Investment Company Act regulations or listing on the New York Stock Exchange ("NYSE"); and
- general market and economic conditions.

In the past, class-action litigation has often been instituted against companies following periods of volatility in the price of their common shares. This type of litigation could result in substantial costs and divert our management's attention and resources, which could have an adverse effect on our financial condition, results of operations, cash flow and trading price of our common shares.

The form, timing and/or amount of dividend distributions on our common shares in future periods may vary and be impacted by economic and other considerations.

The form, timing and/or amount of dividend distributions on our common shares will be declared at the discretion of our Board and will depend on actual cash from operations, our financial condition, capital requirements, the annual distribution requirements under the REIT provisions of the Code and other factors as our Board may consider relevant. Our Board may modify our dividend policy from time to time.

We may be unable to make distributions on our common shares at expected levels, which could result in a decrease in the market price of our common shares.

If sufficient cash is not available for distribution from our operations, we may have to fund distributions on our common shares from working capital, borrow to provide funds for such distributions, reduce the amount of such distributions, or issue share dividends or a combination of share and cash dividends. To the extent we borrow to fund distributions, our future interest costs would increase, thereby reducing our earnings and cash available for distribution from what they otherwise would have been. If cash available for distribution generated by our assets is less than we expect, our inability to make the expected distributions could result in a decrease in the market price of our common shares.

All distributions on our common shares will be made at the discretion of our Board and will be based upon, among other factors, our historical and projected results of operations, financial condition, cash flows and liquidity, maintenance of our REIT qualification and other tax considerations, and other expense obligations, debt covenants, contractual prohibitions or other limitations and applicable law and such other matters as our Board may deem relevant from time to time. We may not be able to make distributions in the future, and our inability to make distributions, or to make distributions at expected levels, could result in a decrease in the market price of our common shares.

Future issuances of debt securities and equity securities may negatively affect the market price of our common shares and, in the case of equity securities, may be dilutive to owners of our common shares and could reduce the overall value of an investment in our common shares.

In the future, we may issue debt or equity securities or incur other financial obligations, including share distributions and shares that may be issued in exchange for common shares. Upon liquidation, holders of our debt securities and other loans and preferred shares will receive a distribution of our available assets before common shareholders. We are not required to offer any such additional debt or equity securities to shareholders on a preemptive basis. Therefore, additional common

shares issuances, directly or through convertible or exchangeable securities (including common shares and convertible preferred shares), warrants or options, will dilute the holdings of our existing common shareholders and such issuances or the perception of such issuances may reduce the market price of our common shares. Any convertible preferred shares would have, and any series or class of our preferred shares would likely have, a preference on distribution payments, periodically or upon liquidation, which could eliminate or otherwise limit our ability to make distributions to common shareholders.

Holders of our common shares do not have preemptive rights to any shares we issue in the future. Our declaration of trust authorizes us to issue an unlimited number of shares of beneficial interest. The statement of preferences of the Series A Preferred Shares designates a series of 4,800,000 preferred shares as Series A Preferred Shares, of which 3,359,593 are issued and outstanding as of December 31, 2025. The statement of preferences of the Series B Preferred Shares designates a series of 16,000,000 preferred shares as Series B Preferred Shares, of which 911,003 are issued and outstanding as of December 31, 2025. In the future, our Board may elect to (1) sell additional shares in future public offerings; (2) issue equity interests in private offerings; (3) issue our common shares under a long-term incentive plan to our non-employee trustees or to employees of our Adviser or its affiliates; (4) issue shares to our Adviser, its successors or assigns, in payment of an outstanding fee obligation or as consideration in a related-party transaction; or (5) issue our common shares in connection with a redemption of partnership units of the OP. To the extent we issue additional equity interests in the future, the percentage ownership interest held by holders of our common shares will be diluted. Further, depending upon the terms of such transactions, most notably the offering price per share, holders of our common shares may also experience a dilution in the book value of their investment in us.

Common shares eligible for future sale may have adverse effects on our share price.

We cannot predict the effect, if any, of future sales of our common shares, or the availability of shares for future sales, on the market price of our common shares.

Sales of substantial amounts of common shares or the perception that such sales could occur may adversely affect the prevailing market price for our common shares.

We may issue additional shares in future public offerings or private placements to make new investments or for other purposes. We are not required to offer any such shares to shareholders on a preemptive basis. Therefore, it may not be possible for shareholders to participate in such future share issuances, which may dilute such shareholders' interests in us.

The rights of our common shareholders are limited by and subordinate to the rights of the holders of Series A Preferred Shares and Series B Preferred Shares and these rights may have a negative effect on the value of our common shares.

The holders of shares of our Series A Preferred Shares and Series B Preferred Shares have rights and preferences generally senior to those of the holders of our common shares. The existence of these senior rights and preferences may have a negative effect on the value of our common shares. These rights are more fully set forth in the statements of preferences setting forth the terms of the Series A Preferred Shares and Series B Preferred Shares, and include, but are not limited to the right to receive a liquidation preference, prior to any distribution of our assets to the holders of our common shares. In addition, the Series A Preferred Shares and Series B Preferred Shares rank senior to our common shares with respect to priority of such dividend and distribution payments, which may limit our ability to make distributions to holders of our common shares.

Risks Related to the Ownership of the Series A Preferred Shares and Series B Preferred Shares

The market price and trading volume of the Series A Preferred Shares may fluctuate significantly and be volatile due to numerous circumstances beyond our control.

The Series A Preferred Shares are listed on the NYSE, but there can be no assurance that an active trading market will be maintained on the NYSE. Further, the Series A Preferred Shares may trade at prices lower than the public offering price, and the market price of the Series A Preferred Shares depends on many factors, including, but not limited to:

- prevailing interest rates;
- the market for similar securities;
- general economic and financial market conditions;
- our issuance, as well as the issuance by our subsidiaries, of additional preferred equity or debt securities; and
- our financial condition, cash flows, liquidity, results of operations, funds from operations and prospects.

The trading prices of common and preferred equity securities issued by REITs and other real estate companies historically have been affected by changes in interest rates. One of the factors that may influence the market price of the Series A Preferred Shares is the annual yield from distributions on the Series A Preferred Shares as compared to yields on other financial instruments. An increase in interest rates may lead prospective purchasers of the Series A Preferred Shares to demand a higher annual yield, which could reduce the market price of the Series A Preferred Shares.

Future offerings of debt securities or our shares, including future offerings of traded or non-traded preferred shares, expressly designated as ranking senior to the Series A Preferred Shares as to distribution rights and rights upon our liquidation, dissolution, termination, cancellation or winding up may adversely affect the market price of the Series A Preferred Shares.

There is no market for our Series B Preferred Shares and one may not develop.

The Series B Preferred Shares are not listed on a national exchange. There is no public market for our Series B Preferred Shares and one is not guaranteed to develop. However, should one develop or should we determine to publicly list our Series B Preferred Shares, we cannot predict the effect, if any, of future sales of our Series B Preferred Shares on the market price, if any, of our Series B Preferred Shares. Sales of substantial amounts of Series B Preferred Shares or the perception that such sales could occur may adversely affect the prevailing market price, if any, for our Series B Preferred Shares.

Our cash available for distribution may not be sufficient to pay distributions on the Series A Preferred Shares and Series B Preferred Shares at expected levels, and we cannot assure you of our ability to pay distributions in the future. We may use borrowed funds or funds from other sources to pay distributions, which may adversely impact our operations.

We intend to pay regular quarterly dividends to our Series A preferred shareholders and regular monthly dividends to holders of our Series B Preferred Shares. Distributions declared by us will be authorized by our Board in its sole discretion out of assets legally available for distribution and will depend upon a number of factors, including our earnings, our financial condition, the requirements for qualification as a REIT, restrictions under applicable law, our need to comply with the terms of our existing financing arrangements, our capital requirements and other factors as our Board may deem relevant from time to time. We may have to fund distributions from working capital, borrow to provide funds for such distributions, use proceeds of future offerings or sell assets to the extent distributions exceed earnings or cash flows from operations. Funding distributions from working capital would restrict our operations. If we are required to sell assets to fund distributions, such asset sales may occur at a time or in a manner that is not consistent with our disposition strategy. If we borrow to fund distributions, our leverage ratios and future interest costs would increase, thereby reducing our earnings and cash available for distribution from what they otherwise would have been. We may not be able to pay distributions in the future. In addition, some of our distributions may be considered a return of capital for income tax purposes. If we decide to make distributions in excess of our current and accumulated earnings and profits, such distributions would generally be considered a return of capital for U.S. federal income tax purposes to the extent of the holder's adjusted tax basis in their shares. A return of capital is not taxable, but it has the effect of reducing the holder's adjusted tax basis in its investment. If distributions exceed the adjusted tax basis of a holder's shares, they will be treated as gain from the sale or exchange of such shares.

The Series A Preferred Shares and Series B Preferred Shares are subordinate to our existing and future debt, and such interests could be diluted by the issuance of additional shares of preferred shares and by other transactions.

The Series A Preferred Shares and Series B Preferred Shares rank junior to all of our existing and future indebtedness, any classes and series of our shares of beneficial interest expressly designated as ranking senior to the Series A Preferred Shares and Series B Preferred Shares as to distribution rights and rights upon our liquidation, dissolution, termination, cancellation or winding up, and other non-equity claims on us and our assets available to satisfy claims against us, including claims in bankruptcy, liquidation or similar proceedings. Our declaration of trust gives our Board the authority to authorize and issue such securities as they determine to be necessary, desirable, or appropriate, and the Board has authorized the issuance of up to 4,800,000 Series A Preferred Shares and 16,000,000 Series B Preferred Shares. Subject to limitations prescribed by Delaware law and our declaration of trust and the statements of preferences setting forth the terms of the Series A Preferred Shares and Series B Preferred Shares, our Board is authorized to issue preferred shares in such classes or series as our Board may determine and to establish from time to time the number of preferred shares to be included in any such class or series. The issuance of additional shares of Series A Preferred Shares, Series B Preferred Shares or additional shares of our beneficial interest ranking on parity with the Series A Preferred Shares and Series B Preferred Shares as to distribution rights and rights upon our liquidation, dissolution, termination, cancellation or winding up, would dilute the interests of the holders of Series A Preferred Shares and Series B Preferred Shares, and the issuance of shares of any class or series of our shares of beneficial interest expressly designated as ranking senior to the Series A Preferred Shares and Series B Preferred Shares as to distribution rights and rights upon our liquidation, dissolution, termination, cancellation or winding up or the incurrence of additional indebtedness could affect our ability to pay distributions on, redeem or pay the liquidation preference on the Series A Preferred Shares and Series B Preferred Shares. Other than the right to vote on matters which are submitted to a vote of our common shareholders, none of the provisions relating to the Series A Preferred Shares or Series B Preferred Shares contain any terms relating to or limiting our indebtedness or affording the holders of Series A Preferred Shares or Series B Preferred Shares protection in the event of a highly leveraged or other transaction, including a merger or the sale, lease or conveyance of all or substantially all our assets, that might adversely affect the holders of Series A Preferred Shares and Series B Preferred Shares.

The Series A Preferred Shares and Series B Preferred Shares are not rated and may not be rated in the future.

The Series A Preferred Shares were previously rated by Egan-Jones Rating Company and are not currently rated. The Series B Preferred Shares have not been rated by any nationally recognized statistical rating organization. We do not currently intend to seek or maintain a rating for our Series A Preferred Shares or Series B Preferred Shares. No assurance can be given, however, that one or more rating agencies might not independently determine to issue such a rating or that such a rating, if issued, would not adversely affect the market price of the Series A Preferred Shares or Series B Preferred Shares (if any). In addition, we may elect in the future to again obtain a rating of the Series A Preferred Shares, which could adversely impact the market price of the Series A Preferred Shares. Ratings only reflect the views of the rating agency or agencies issuing the ratings and such ratings could be revised downward or withdrawn entirely at the discretion of the issuing rating agency if in its judgment circumstances so warrant. Any such downward revision or withdrawal of a rating could have an adverse effect on the market price of the Series A Preferred Shares or Series B Preferred Shares (if any).

Future offerings of debt securities or of our shares expressly designated as ranking senior to our Series A Preferred Shares and Series B Preferred Shares as to distribution rights and rights upon our liquidation, dissolution, termination, cancellation or winding up may adversely affect the market price of our Series A Preferred Shares.

If we decide to issue debt securities or additional shares, including traded or non-traded preferred shares, expressly designated as ranking senior to the Series A Preferred Shares and Series B Preferred Shares as to distribution rights and rights upon our liquidation, dissolution, termination, cancellation or winding up in the future, it is possible that those securities will be governed by an indenture or other instrument containing covenants restricting our operating flexibility. Additionally, any convertible or exchangeable debt securities that we issue in the future may have rights, preferences and privileges more favorable than those of the Series A Preferred Shares and Series B Preferred Shares and may result in dilution to owners of the Series A Preferred Shares or Series B Preferred Shares. We and, indirectly, our shareholders, will bear the cost of issuing and servicing such securities. Because our decision to issue debt securities or shares expressly designated as ranking senior to the Series A Preferred Shares and Series B Preferred Shares as to distribution rights and rights upon our liquidation, dissolution, termination, cancellation or winding up in any future offering will depend on market conditions and other factors

beyond our control, we cannot predict or estimate the amount, timing or nature of our future offerings. Thus, holders of the Series A Preferred Shares will bear the risk of our future offerings reducing the market price of the Series A Preferred Shares and diluting the value of their share holdings in us and any future issuances or offerings of Series B Preferred Shares may dilute the value of the Series B Preferred Shares.

General Risks

We, our Adviser, our property managers, our franchise partners and our and their other third party providers are highly dependent on information technology and security breaches or systems failures could significantly disrupt our business, which may, in turn, negatively affect the market price of our securities and our ability to pay distributions.

Our business is highly dependent on information technology, including systems provided by third-party service providers. In the ordinary course of our business, we may store sensitive data, including our proprietary business information and that of our business partners, on our networks and our third-party hotel management company and its franchise partners are required to collect and maintain personal information about hotel employees and, through third-party providers, collect information about customers in connection with the processing of credit and debt transactions and as part of certain of the Company's marketing programs. The secure maintenance and transmission of this information is critical to our operations. Cybersecurity incidents and cyber-attacks, ransomware attacks and social engineering attempts (including business email compromise attacks) have been occurring globally at a more frequent and severe level and will likely continue to increase in frequency in the future. Despite security measures, our information technology and infrastructure and the information technology and infrastructure of our Adviser, the Company's franchise partners' or our and their other third party providers' may be vulnerable to attacks by hackers or breached due to employee error, malfeasance or other disruptions, which risk may be heightened by the increased prevalence and use of artificial intelligence. There can be no assurance that the measures we or they take to ensure the integrity of our or their respective systems will provide protection, especially because cyberattack techniques used change frequently, may persist undetected over extended periods of time, and may not be mitigated in a timely manner to prevent or minimize the impact of an attack. Any such breach could compromise our networks and the information stored there could be accessed, publicly disclosed, lost or stolen. Any such access, disclosure or other loss of information, including accidental unauthorized disclosure of information, could result in legal claims or proceedings, liability under laws that protect the privacy of personal information, regulatory penalties, disrupt our operations, disrupt our trading activities, or damage our reputation, which could have a material adverse effect on our financial results and negatively affect the market price of our securities and our ability to pay distributions to shareholders. The brand reputations of our franchise partners could also be adversely affected from these types of security breaches or regulatory violations, which could impair revenues or the ability to attract and retain qualified hotel personnel. Any interruption or deterioration in the performance of our information systems or our Adviser's, the Company's franchise partners' and our and their other third-party service provider's information systems could impair the quality of our operations and could affect our reputation and hence adversely affect our business.

The resources required to protect our information technology and infrastructure, and to comply with the laws and regulations related to data and privacy protection, are subject to uncertainty. Even in circumstances where we are able to successfully protect such technology and infrastructure from attacks, we may incur significant expenses in connection with our responses to such attacks. As cyber-security threats and government and regulatory oversight of associated risks continue to evolve, we may be required to expend additional resources to enhance or expand upon the security measures we currently maintain. Any such actions may adversely impact our results of operations and financial condition.

Risk of Pandemics or Other Health Crises.

Pandemics, epidemics or other health crises have and could in the future disrupt our business. Both global and locally targeted health events could materially affect areas where our properties, corporate offices or major service providers are located. These events have and could in the future have an adverse effect on our business, results of operations, financial condition and liquidity in a number of ways.

To the extent a pandemic, epidemic or other health crisis has adversely affected, or in the future adversely affects, our business, results of operations, cash flows and financial condition, it may also continue to heighten many of the other risks described elsewhere in this Item 1A, Risk Factors.

Our business could be harmed if we are unable to effectively integrate artificial intelligence.

If we are unable to remain competitive by integrating and using artificial intelligence, our business could be harmed. In addition to competitive risks, the incorporation of artificial intelligence into our technological framework poses ethical and cybersecurity risks, as well as the regulatory risks associated with compliance with state and national laws and regulations.

Expanding use of social media presents additional risks.

The use of social media could cause us to suffer brand damage or unintended information disclosure. Negative posts or communications about us on a social networking website could damage our reputation. Further, employees of our Adviser or others may disclose non-public information regarding us or our business or otherwise make negative comments regarding us on social networking or other websites, which could adversely affect our business and results of operations. As social media evolves, we will be presented with new risks and challenges.

Changes in accounting rules and other policy or regulatory changes could occur at any time and could impact us in significantly negative ways that we are unable to predict or protect against.

The SEC, Financial Accounting Standards Board (“FASB”) and other regulatory bodies that establish the accounting rules applicable to us have proposed or enacted a wide array of changes to accounting rules over the last several years. Moreover, in the future, these regulators may propose additional changes that we do not currently anticipate. Changes to accounting rules that apply to us could significantly impact our business or our reported financial performance in negative ways that we cannot predict or protect against. We cannot predict whether any changes to current accounting rules will occur or what impact any codified changes will have on our business, results of operations, liquidity or financial condition.

Changes in the U.S. Presidential Administration and changes in Congress could result in significant policy changes or regulatory uncertainty in our industry. While it is not possible to predict when and whether significant policy or regulatory changes would occur, any such changes on the federal, state or local level could significantly impact, among other things, our operating expenses, the availability of financing, interest rates, the economy and the geopolitical landscape. To the extent that the new government administration takes action by proposing and/or passing regulatory policies that could have a negative impact on our industry, such actions may have a material adverse effect on our business, results of operations, liquidity and financial condition.

Item 1B. Unresolved Staff Comments

None.

Item 1C. Cybersecurity

The Company’s Board recognizes the critical importance of maintaining the trust and confidence of our customers, clients, business partners and employees. The Board is actively involved in oversight of the Company’s risk management program, and cybersecurity represents an important component of the Company’s overall approach to risk management. Our Adviser maintains cybersecurity policies, standards, processes and practices that are based on recognized security frameworks such as the National Institute of Standards and Technology cybersecurity framework (the “NIST CSF”) and the Azure Security Benchmark. In general, our Adviser seeks to address cybersecurity risks of the Company through a comprehensive, cross-functional approach that is focused on continually assessing the Company’s information systems to detect, prevent and mitigate cybersecurity threats and effectively respond to cybersecurity incidents when they occur.

As one of the critical elements of the Company's overall risk management, our cybersecurity program is focused on the following key areas:

Governance: The Board's oversight of cybersecurity risk management is supported by the Audit Committee of the Board (the "Audit Committee"), which interacts with our Adviser's Director of Information Technology and other members of management of our Adviser that implement and oversee our Adviser's cybersecurity program.

Risk Assessment: No less frequently than annually, our Adviser completes an assessment to identify potential cybersecurity threats and vulnerabilities to better prioritize and mitigate the Company's cybersecurity risk. The assessment includes, among other things, evaluating the nature, sensitivity and location of information the Company collects, processes and stores and the resiliency of the underlying technologies, the validity and effectiveness of the Company's security policies, controls and processes and the cybersecurity preparedness of the third-party vendors used by the Company and our Adviser. To supplement our Adviser's internal assessment, our Adviser also periodically engages third-party consultants to assess system configurations through configuration review and penetration testing.

Technical Safeguards: Our Adviser deploys technical safeguards that are designed to protect the Company's and our Adviser's information systems from cybersecurity threats, including firewalls, intrusion prevention and detection systems, anti-malware functionality and access controls, which are evaluated and improved through vulnerability assessments and cybersecurity threat intelligence.

Incident Response and Recovery Planning: Our Adviser has established and maintains comprehensive business continuity plans that address potential impacts should the information or technology systems become compromised, and the technological components of such plans are tested and evaluated on a regular basis.

Third-Party Risk Management: Our Adviser maintains a comprehensive, risk-based approach to identifying and overseeing cybersecurity risks presented by third parties, including key vendors, service providers and other external users of the Company's and the Adviser's systems, as well as the systems of third parties that could adversely impact our business in the event of a cybersecurity incident affecting those third-party systems.

Education and Awareness: Our Adviser provides regular, mandatory training for its employees regarding cybersecurity threats as a means to equip its employees with effective tools to address cybersecurity threats, and to communicate our Adviser's evolving information security policies, standards, processes and practices.

Our Adviser engages in the periodic assessment and testing of our Adviser's policies, standards, processes and practices that are designed to address the Company's cybersecurity threats and incidents. These efforts include a wide range of activities, including annual penetration and third-party compliance testing and ongoing internal testing and creation and modification of policies and procedures. The results of the annual assessments are reported to the Audit Committee and the Board, and our Adviser adjusts its cybersecurity policies, standards, processes and practices as necessary based on the information provided by these assessments and ongoing testing.

The Audit Committee oversees the Company's risk management policies, including the management of risks arising from cybersecurity threats. The Audit Committee receives presentations and reports on cybersecurity risks, which address a wide range of topics including annual assessments of internal and third-party policies, vulnerability assessments, technological trends and information security considerations arising with respect to the Company and our Adviser. The Audit Committee also receives prompt and timely information regarding any cybersecurity incident that meets established reporting thresholds, as well as ongoing updates regarding any such incident until it has been addressed. On an annual basis, the Board and the Audit Committee discuss the Company's approach to cybersecurity risk management with our Adviser, including the Adviser's Director of Information Technology.

[Table of Contents](#)

The Adviser's Director of Information Technology, in coordination with relevant senior management and personnel of the Adviser, which includes our Adviser's Chief Financial Officer and Chief Compliance Officer, work to conceive, implement, and monitor the effectiveness of a program designed to protect the Company's information systems from cybersecurity threats and to promptly respond to any security incidents in accordance with the Company's business continuity plan. To ensure the effectiveness of these controls, the Adviser's technology team continually monitors, hardens, and evolves systems' security postures to model and mirror various security frameworks such as NIST CSF and Azure Security Benchmark. The Adviser's Director of Information Technology will promptly notify our General Counsel of any cybersecurity events, with material cybersecurity events promptly communicated to the Audit Committee and publicly disclosed as deemed necessary.

The Adviser's Director of Information Technology has served in various roles in information technology and information security for over 25 years, including serving as Global Technology Manager at a multi-national publicly traded broker-dealer, and over 15 years as the Director of Information Technology at a privately held financial services firm. The Adviser's Director of Information Technology holds an undergraduate degree in biochemistry and has attained numerous information technology certifications over the years including Microsoft Certified Systems Engineer (MCSE) and Cisco Certified Network Professional (CCNP).

Risks from cybersecurity threats, including as a result of any previous cybersecurity incidents, have not materially affected and we do not believe are reasonably likely to materially affect the Company, including its business strategy, results of operations or financial condition. However, the risk of cybersecurity threats could be significant if the cyber-attack disrupts the Company's critical operations, service or financial systems. See "Item 1A. Risk Factors - We are highly dependent on information technology and security breaches or systems failures could significantly disrupt our business, which may, in turn, negatively affect the market price of our securities and our ability to pay distributions".

Item 2. Properties

The following tables provide a summary of the Company's physical properties as of December 31, 2025:

Diversified Segment:

Property Name	Rentable Square Footage (in thousands)	Property Type	Date Acquired	Average Effective Monthly Occupied Rent Per Square Foot (1) as of		% Occupied (2) as of	
				December 31,		December 31, 2025	
				December 31, 2025	2024	December 31, 2025	December 31, 2024
White Rock Center	82,793	Retail	6/13/2013	\$ 1.62	\$ 1.50	81.4%	71.1%
5916 W Loop 289	30,140	Retail	7/23/2013	—	—	0.0%	0.0%
Cityplace	1,365,711	Office, Multifamily & Hospitality (3)	8/15/2018	\$ 2.05	\$ 2.16	41.2%	46.4%
	<u>1,478,644</u>						

- (1) Average effective monthly occupied rent per square foot is equal to the average of the contractual rent for commenced leases as of December 31, 2025, minus any tenant concessions over the term of the lease, divided by the occupied square footage of commenced leases as of December 31, 2025.
- (2) Percent occupied is calculated as the rentable square footage occupied as of December 31, 2025, divided by the total rentable square footage, expressed as a percentage.
- (3) Cityplace is currently under redevelopment and the Company is converting part of the property into a hotel, which was still under construction as of December 31, 2025.

[Table of Contents](#)

The Company's ownership of Cityplace is subject to mortgage debt with an outstanding principal balance of approximately \$137.6 million as of December 31, 2025. For further information on the Company's owned real properties, see Notes 4, 5 and 6 to our consolidated financial statements.

Hospitality Segment:

Brand	Location	Name	Chain Scale	Service Scale	Year Built/Last Renovation	Rooms
Hilton Garden Inn	Dallas, Texas	HGI Property	Upscale	Select-Service	1995/2016	240
Hyatt	Park City, Utah	Park City	Upscale	Full-Service	2016	122
Hampton Inn & Suites	Bradenton, Florida	Bradenton	Upscale	Select-Service	1926/2016	119
Marriott	St. Petersburg, Florida	St. Pete Property	Upper Upscale	Full-Service	2001/2021	209
Total Rooms:						690

The HGI Property and St. Pete Property are encumbered by mortgages securing the payment of debts of \$26.4 million and \$12.7 million, respectively.

The Bradenton and Park City properties are encumbered by mortgages securing the payment of debt of \$38.6 million.

For further information on the Company's owned real properties, see Notes 4, 5 and 6 to our consolidated financial statements.

Item 3. Legal Proceedings

From time to time, we are party to legal proceedings that arise in the ordinary course of our business. Management is not aware of any legal proceedings of which the outcome is reasonably likely to have a material adverse effect on our results of operations or financial condition, nor are we aware of any such legal proceedings contemplated by government agencies.

Item 4. Mine Safety Disclosures

Not applicable.

PART II — OTHER INFORMATION

Item 5. Market for Registrant's Common Equity, Related Stockholder Matters and Issuer Purchases of Equity Securities

Market Information

Our common shares trade on the NYSE and NYSE Texas under the ticker symbol “NXDT.”

Shareholder Information

On March 31, 2026, we had 50,219,590 common shares outstanding held by a total of approximately 820 record holders. The number of record holders is based on the records of Equiniti Trust Company, LLC, who serves as our transfer agent. The number of holders does not include individuals or entities who beneficially own shares but whose shares are held of record by a broker or clearing agency, but does include each such broker or clearing agency as one record holder.

Repurchase of Shares

On October 28, 2024, the Board authorized us to repurchase an indeterminate number of common shares and Series A Preferred Shares, at an aggregate market value of up to \$20.0 million during a two-year period that is set to expire on October 28, 2026. This authorization replaced the Board's prior authorization. As of December 31, 2025, we have not repurchased any of our Series A Preferred Shares under the share repurchase program. During the year ended December 31, 2025, the Company repurchased 562,157 shares of its common shares, par value \$0.001 per share, at a total cost of approximately \$1.9 million, or \$3.35 per share on average. Since the inception of the share repurchase program in October 2024, the Company had repurchased 562,157 shares of its common shares, at a total cost of approximately \$1.9 million, or \$3.35 per share. During the three months ended December 31, 2025 the Company repurchased 376,800 shares of its common shares as shown in the table below:

Period	Total Number of Shares Purchased	Average Price Paid Per Share	Total Number of Shares Purchased as Part of Publicly Announced Plans or Programs	Approximate Dollar Value of Shares that may yet be Purchased under the Plans or Programs (in millions)
Beginning Total	185,477	\$ 4.31	185,477	\$ 19.2
October 1 – October 31	—	—	—	19.2
November 1 – November 30	259,019	2.89	259,019	18.5
December 1 – December 31	117,661	2.85	117,661	18.1
Total as of December 31, 2025	562,157	\$ 3.35	562,157	\$ 18.1

Item 6. [Reserved]

Item 7. Management's Discussion and Analysis of Financial Condition and Results of Operations

The following is a discussion and analysis of our financial condition and our historical results of operations. The following should be read in conjunction with our financial statements and accompanying notes included herein. This discussion contains forward-looking statements that involve risks and uncertainties. Our actual results could differ materially from those projected, forecasted, or expected in these forward-looking statements as a result of various factors, including, but not limited to, those discussed below and elsewhere in this Annual Report. See “Cautionary Statement Regarding Forward-Looking Statements” in this Annual Report.

Overview

As of December 31, 2025, our Portfolio consisted primarily of debt and equity investments in the single-family rental, self-storage, office, hospitality, life science and multifamily sectors. The Company has two reportable segments, Diversified and Hospitality. Diversified represents the Company's primary reportable segment and represents a significant majority of the Company's consolidated portfolio. The Diversified reportable segment is the legacy reportable segment and is focused on investing in various commercial real estate property types and across the capital structure, including but not limited to, equity, mortgage, debt, mezzanine debt and preferred equity. The Hospitality segment is focused on operating and renovating its U.S. located hospitality assets that meet its investment objective and criteria. Substantially all of our business is conducted through the OP. The OP GP is the sole general partner of the OP and is owned 100% by the Company. As of December 31, 2025, there were 44,536,894.47 common units of the OP outstanding, of which 99.96% were owned by the Company.

As a diversified REIT, the Company's primary investment objective is to provide both current income and capital appreciation. Target underlying property types primarily include, but are not limited to, single-family rentals, multifamily, self-storage, life science, office, industrial, hospitality, net lease and retail. The Company may, to a limited extent, hold, acquire or transact in certain non-real estate securities. We are externally managed by the Adviser through the Advisory Agreement, by and among the Company and the Adviser. The Advisory Agreement was dated July 1, 2022, and amended on October 25, 2022, April 11, 2023, July 22, 2024, and September 19, 2025 for a term that will expire on July 1, 2026 and successive one-year terms thereafter unless earlier terminated. The Adviser is wholly owned by our Sponsor.

We have elected to be taxed as a REIT under Sections 856 through 860 of the Code commencing with our taxable year ended December 31, 2021. To qualify as a REIT, we must meet a number of organizational and operational requirements, including a requirement that we distribute at least 90% of our REIT taxable income to our shareholders. As a REIT, we will be subject to federal income tax on our undistributed REIT taxable income and net capital gain and to a 4% nondeductible excise tax on any amount by which distributions we pay with respect to any calendar year are less than the sum of (1) 85% of our ordinary income, (2) 95% of our capital gain net income and (3) 100% of our undistributed income from prior years. We believe we qualify for taxation as a REIT under the Code, and we intend to continue to operate in such a manner, but no assurance can be given that we will operate in a manner so as to qualify as a REIT. Taxable income from certain non-REIT activities is managed through one or more TRS entities and is subject to applicable U.S. federal, state, and local income and margin taxes.

For information regarding the Bankruptcy Trust Lawsuit and the UBS Lawsuit, see “Item 1A. Risk Factors - The Chapter 11 bankruptcy filing by Highland Capital Management L.P. (“Highland”) may have materially adverse consequences on our business, financial condition and results of operations.” and “Item 1A. Risk Factors - Litigation against James Dondero and others may have materially adverse consequences on our business, financial condition, and results of operations.” Neither the Bankruptcy Trust Lawsuit nor the UBS Lawsuit include claims related to our business or our assets. Our Sponsor and Mr. Dondero have informed us they believe the Bankruptcy Trust Lawsuit has no merit and Mr. Dondero has informed us he believes the UBS Lawsuit has no merit; we have been advised that the defendants named in each of the lawsuits intend to vigorously defend against the claims. We do not expect the Bankruptcy Trust Lawsuit or the UBS Lawsuit will have a material effect on our business, results of operations or financial condition.

Macroeconomic trends, including increases in or high inflation and rising or high interest rates, may adversely impact our business, financial condition and results of operations. Inflation could have an adverse impact on our operating expenses, as these costs could increase at a rate higher than our rental and other revenue. The high rate environment and ongoing economic uncertainty has limited credit availability to commercial real estate. Less available and more expensive debt capital has had pronounced effects on the capital markets, making property acquisitions and other investments harder to finance. Similar factors also impact the timing of and proceeds generated from asset sales and our ability to obtain debt capital. There is no guarantee we will be able to mitigate the impact of rising or high inflation. To the extent our exposure to increases in or high interest rates on any of our debt is not eliminated through interest rate swaps and interest rate protection agreements, such increases or elevated rates will result in higher debt service costs which will adversely affect our cash flows. We cannot make assurances that our access to capital and other sources of funding will not become constrained, which could adversely affect the availability and terms of future borrowings, renewals or refinancings. Such future constraints could increase our borrowing costs, which would make it more difficult or expensive to obtain additional financing or refinance existing obligations and commitments, which could slow or deter future growth.

The U.S. government announced a comprehensive set of tariffs in the second quarter of 2025. A recent U.S. Supreme Court decision held that the International Emergency Economic Powers Act (IEEPA) does not authorize the President to impose tariffs. As a result, tariffs imposed under IEEPA are no longer being collected. Tariffs imposed under other statutory authorities, such as Section 232 and Section 301, remain in effect, and the U.S. government may propose replacement or additional tariffs under other legal authorities. The impact of such tariffs is subject to uncertainties regarding the timing of their implementation, the magnitude of such tariffs and possible exemption for certain goods, among other unknowns.

Our website is located at nxdn.nextpoint.com. From time to time, we may use our website as a distribution channel for material company information.

Components of Our Revenues and Expenses

Revenues

Rental income. Our rental income is primarily attributable to the rental revenue from our investment in Cityplace, a 42-story, 1.36 million-square-foot, trophy office building acquired in 2018 as well as rental income from one retail property. Our rental income also includes utility reimbursements, late fees, common area maintenance reimbursements, and other rental fees charged to tenants.

Food and beverage revenue. Food and beverage ("F&B") revenue includes revenue generated from the sale of food and/or beverage offerings. All F&B revenue is derived from the Hospitality segment.

Room revenue. Room revenue includes revenue from renting out rooms to customers. All room revenue is derived from the Hospitality segment.

Interest income. Interest income includes interest earned from our debt investments.

Dividend income. Dividend income includes dividends from our equity investments.

Other income. Other income includes ancillary income earned from tenants such as non-refundable fees, parking fees, and other miscellaneous fees charged to tenants and income items.

Expenses

Property operating expenses. Property operating expenses include property maintenance costs, salary and employee benefit costs, utilities, casualty-related expenses and recoveries and other property operating costs of property owned directly or indirectly by us.

Property management fees. Property management fees include fees paid to NexVest, our property manager, for managing each property in the Diversified segment and other property managers for managing the day-to-day operations of our hotels.

Real estate taxes and insurance. Real estate taxes include the property taxes assessed by local and state authorities depending on the location of each property owned directly or indirectly by us. Insurance includes the cost of commercial, general liability, and other needed insurance for each property owned directly or indirectly by us.

Advisory and administrative fees. Advisory and administrative fees include the fees paid to our Adviser pursuant to the Advisory Agreement and fees paid to NexPoint Real Estate Advisors VI, L.P. (the “NHT Adviser”) pursuant to the advisory agreement entered into between NHT and the NHT Adviser (the “NHT Advisory Agreement”) that was terminated at completion of the NHT Merger (see Note 13 to our consolidated financial statements).

Property general and administrative expenses. Property general and administrative expenses include the costs of marketing, professional fees, general office supplies, and other administrative related costs of each property owned directly or indirectly by us.

Corporate general and administrative expenses. Corporate general and administrative expenses include, but are not limited to, audit fees, legal fees, listing fees, board of trustee fees, investor relations costs and payments of reimbursements to our Adviser for operating expenses.

Depreciation and amortization. Depreciation and amortization costs primarily include depreciation of our real properties and amortization of acquired in-place leases on property owned directly or indirectly by us.

Impairment loss. Impairment loss includes impairment charges recognized on real estate assets held and used and the loss recognized for real estate held for sale, which is reported at the lower of its carrying amount or its estimated fair value less estimated costs to sell.

Other Income and Expense

Interest Expense. Interest expense primarily includes the cost of interest expense on debt, the amortization of deferred financing costs, if any, and the related impact of interest rate derivatives, if any, used to manage our interest rate risk.

Equity in Earnings (Losses) of Unconsolidated Ventures. Equity in earnings (losses) of unconsolidated ventures represents the change in our basis in equity method investments resulting from our share of the investments’ income and expenses. Profit and loss from equity method investments for which we’ve elected the fair value option are classified in dividend income, change in unrealized gains (losses) and realized gains (losses) as applicable.

Income Tax Expense. Income tax expense is primarily derived from taxable gains from asset sales and other income earned from investments held in the Company’s TRSs and former NHT’s TRSs.

Unrealized Gain (Loss) on Investments. Unrealized gains and losses represent changes in fair value for equity method investments, CLO equity investments, bonds, common stock, convertible notes, LLC interests, LP interests, rights and warrants, and senior loans for which the fair value option has been elected.

Realized Gain (Loss) on Investments. The Company recognizes the excess, or deficiency, of net proceeds received, less the carrying value of such investments, as realized gains or losses, respectively. The Company reverses cumulative, unrealized gains or losses previously reported in its Consolidated Statements of Operations and Comprehensive Income (Loss) with respect to the investment sold at the time of the sale.

Real Estate Investments Statistics

As of December 31, 2025, the Diversified segment was invested in two retail properties, and one office, multifamily, and hospitality property (excluding investments in undeveloped land), and the Hospitality segment consisted of four hotel properties as listed below:

Diversified Segment:

Property Name	Rentable Square Footage (in thousands)	Property Type	Date Acquired	Average Effective Monthly Occupied Rent Per Square Foot (1) as of		% Occupied (2) as of	
				December 31, 2025	December 31, 2024	December 31, 2025	December 31, 2024
White Rock Center	82,793	Retail	6/13/2013	\$ 1.62	\$ 1.50	81.4%	71.1%
5916 W Loop 289	30,140	Retail	7/23/2013	—	—	0.0%	0.0%
Cityplace	1,365,711	Office, Multifamily & Hospitality (3)	8/15/2018	\$ 2.05	\$ 2.16	41.2%	46.4%
	<u>1,478,644</u>						

Hospitality Segment:

Brand	Location	Name	Chain Scale	Service Scale	Year Built/Last Renovation	Rooms
Hilton Garden Inn	Dallas, Texas	HGI Property	Upscale	Select-Service	1995/2016	240
Hyatt	Park City, Utah	Park City	Upscale	Full-Service	2016	122
Hampton Inn & Suites	Bradenton, Florida	Bradenton	Upscale	Select-Service	1926/2016	119
Marriott	St. Petersburg, Florida	St. Pete Property	Upper Upscale	Full-Service	2001/2021	209
Total Rooms:						690

- (1) Average effective monthly occupied rent per square foot is equal to the average of the contractual rent for commenced leases as of December 31, 2025, minus any tenant concessions over the term of the lease, divided by the occupied square footage of commenced leases as of December 31, 2025.
- (2) Percent occupied is calculated as the rentable square footage occupied as of December 31, 2025, divided by the total rentable square footage, expressed as a percentage.
- (3) Cityplace is currently under redevelopment and the Company is converting part of the property into a hotel, which was still under construction as of December 31, 2025.

Consolidated Results of Operations for the Years Ended December 31, 2025 and 2024

The following table sets forth a summary of our operating results for the year ended December 31, 2025 as compared to the year ended December 31, 2024 (in thousands):

	For the Year Ended December 31,		
	2025	2024	\$ Change
Total revenues	\$ 85,965	\$ 83,222	\$ 2,743
Total expenses	(87,347)	(87,373)	26
Operating income	(1,382)	(4,151)	2,769
Interest expense	(26,604)	(28,352)	1,748
Equity in income (losses) of unconsolidated ventures	(1,289)	129	(1,418)
Change in unrealized gains (losses)	(103,904)	(1,348)	(102,556)
Realized gains (losses)	5,994	(21,479)	27,473
Gains on sales of real estate	37	—	37
Income tax benefit (expense)	111	(1,372)	1,483
Net income (loss)	(127,037)	(56,573)	(70,464)
Net (income) attributable to Series A preferred shareholders	(4,619)	(4,619)	—
Net (income) attributable to Series B preferred shareholders	(522)	—	(522)
Net loss attributable to noncontrolling interests in NHT	1,945	9,843	(7,898)
Net loss attributable to redeemable noncontrolling interests in the OP	41	—	41
Net (loss) attributable to common shareholders	\$ (130,192)	\$ (51,349)	\$ (78,843)

The net loss for the years ended December 31, 2025 and 2024 primarily relates to mark-to-market losses on our investments accounted for at fair value partially offset by interest and dividends.

Revenues

Rental income. Rental income was \$11.1 million for the year ended December 31, 2025, compared to \$15.7 million for the year ended December 31, 2024, which was a decrease of approximately \$4.6 million. The decrease between the periods was primarily due to a decrease in occupancy at Cityplace and an increase in the allowance for bad debt related to certain tenants.

Rooms revenue. Rooms revenue was \$26.3 million for the year ended December 31, 2025, compared to \$24.9 million for the year ended December 31, 2024, which was an increase of approximately \$1.4 million. The increase between the periods is due to the Hospitality segment not being consolidated prior to April 19, 2024 and offset by the disposition of Hospitality properties in 2025.

Food and beverage revenue. F&B revenue was \$2.9 million for the year ended December 31, 2025, compared to \$2.2 million for the year ended December 31, 2024, which was an increase of approximately \$0.7 million. The increase between the periods is due to the Hospitality segment not being consolidated prior to April 19, 2024 and offset by the disposition of Hospitality properties in 2025.

Interest and dividends. Interest and dividends totaled \$44.4 million for the year ended December 31, 2025, compared to \$36.6 million for the year ended December 31, 2024, which was an increase of approximately \$7.8 million. The increase between the periods was attributed to an increase in dividends from equity investments.

Other income. Other income was approximately \$1.3 million for the year ended December 31, 2025, compared to \$3.8 million for the year ended December 31, 2024, which was a decrease of approximately \$2.5 million. The decrease between the periods is due to a one-time amendment fee received in 2024, and recovery fees related to a legal judgment.

Expenses

Property operating expenses. Property operating expenses were \$23.8 million for the year ended December 31, 2025, compared to \$22.3 million for the year ended December 31, 2024, which was an increase of approximately \$1.5 million. The increase between the periods is due to the Hospitality segment not being consolidated prior to April 19, 2024 and offset by the disposition of Hospitality properties in 2025.

Property management fees. Property management fees were \$1.6 million for the year ended December 31, 2025, compared to \$1.5 million for the year ended December 31, 2024, which was an increase of approximately \$0.1 million. The increase between the periods is due to the Hospitality segment not being consolidated prior to April 19, 2024 and offset by the disposition of Hospitality properties in 2025.

Real estate taxes and insurance. Real estate taxes and insurance costs were \$6.3 million for the year ended December 31, 2025, compared to \$6.5 million for the year ended December 31, 2024, which was a decrease of approximately \$0.2 million. Real estate taxes and insurance expenses consist primarily of expenses from our investment in Cityplace and our hospitality properties. The decrease between the periods was primarily due to a decrease in the property tax assessment for Cityplace.

Advisory and administrative fees. For the year ended December 31, 2025, the Company incurred administrative fees and advisory fees of \$17.1 million, compared to \$14.2 million for the year ended December 31, 2024, which was an increase of approximately \$2.9 million. The increase between the periods is primarily attributed to a one-time termination fee paid to the former NHT Adviser in connection with the termination of the NHT Advisory Agreement following the NHT Merger.

Property general and administrative expenses. Property general and administrative expenses were \$6.7 million for the year ended December 31, 2025, compared to \$7.4 million for the year ended December 31, 2024, which was a decrease of approximately \$0.7 million. The decrease between the periods is due to the disposition of Hospitality properties in 2025.

Corporate general and administrative expenses. Corporate general and administrative expenses were \$11.9 million for the year ended December 31, 2025, compared to \$12.8 million for the year ended December 31, 2024, which was a decrease of approximately \$0.9 million. The decrease between periods was primarily due to a decrease in accounting and audit fees.

Depreciation and amortization. Depreciation and amortization costs were \$17.7 million for the year ended December 31, 2025, compared to \$15.6 million for the year ended December 31, 2024, which was an increase of approximately \$2.1 million. The increase between the periods is due to the Hospitality segment not being consolidated prior to April 19, 2024 and offset by the disposition of Hospitality properties in 2025.

Impairment loss. Impairment loss was \$2.3 million for the year ended December 31, 2025, compared to \$7.1 million for the year ended December 31, 2024, which was a decrease of approximately \$4.8 million. The decrease between the periods was due to an increase in impairment charges relating to the Addison Property, Plano HomeWood Suites and Las Colinas HomeWood Suites in 2024, compared to only impairment charges relating to the 5916 W Loop 289 and Addison Property in 2025.

Other Income and Expense

Interest expense. Interest expense was \$26.6 million for the year ended December 31, 2025, compared to \$28.4 million for the year ended December 31, 2024, which was a decrease of approximately \$1.8 million. The decrease between periods is due to the debt extinguishment of the Raymond James Loan (as defined in Note 6 to our consolidated financial statements) and decrease in floating interest rates.

Equity in income (losses) of unconsolidated ventures. Equity in losses of unconsolidated ventures was \$(1.3) million for the year ended December 31, 2025, compared to \$0.1 million for the year ended December 31, 2024, which was a decrease of approximately \$(1.4) million. The decrease between periods was primarily due to a decrease in net income at Sandstone Pasadena Apartments, LLC in 2024.

Income tax benefit (expense). The Company has recorded income tax benefit (expense) of \$0.1 million associated with the TRSs for the year ended December 31, 2025 and \$(1.4) million associated with the TRSs for the year ended December 31, 2024. The tax benefit for the year ended December 31, 2025 is decreased by the annual change in valuation allowance on a deferred tax asset of \$4.1 million and offset by a return-to-provision adjustment of \$0.5 million, income tax refund of \$2.0 million, and an income tax benefit of \$1.7 million for a net benefit of \$0.1 million for the year ended December 31, 2025, that is recorded on the Consolidated Statements of Operations and Comprehensive Income (Loss).

Change in unrealized gains (losses). Unrealized gains (losses) from our investments accounted for at fair value was \$(103.9) million for the year ended December 31, 2025, compared to \$(1.3) million for the year ended December 31, 2024, which was a decrease of approximately \$102.6 million. The losses for the year ended December 31, 2025 were largely driven by mark-to-market losses on VineBrook Homes Operating Partnership, L.P. common units ("VB OP Units") of \$33.1 million, IQHQ, LP ("IQHQ LP") interests of \$16.6 million, NexPoint SFR Operating Partnership, L.P. ("NexPoint SFR OP") partnership units of \$12.0 million, NexPoint Storage Partners, Inc. ("NSP") common equity of \$12.8 million and NREF common equity of \$8.7 million. The gains for the year ended December 31, 2024 were largely driven by redemptions of the legacy CLO positions, which generated realized losses and a positive change in unrealized, mark-to-market gains on MidWave Wireless, Inc. common equity of \$14.5 million, United Development Funding IV common equity of \$6.2 million, offset by mark-to-market losses on IQHQ LP interests of \$22.2 million, NexPoint Homes Trust, Inc. common equity of \$13.9 million, and NSP common equity of \$5.5 million.

Realized gains (losses). Realized gains (losses) were \$6.0 million for the year ended December 31, 2025, compared to \$(21.5) million for the year ended December 31, 2024, which was an increase of approximately \$27.5 million. The gains for the year ended December 31, 2025 were primarily driven by realized gains on equities of \$6.0 million. The losses for the year ended December 31, 2024 were primarily driven by realized losses on the legacy CLOs of \$22.8 million.

Non-GAAP Measurements

Consolidated Net Operating Income and Same Store Net Operating Income

Net Operating Income ("NOI") is a non-GAAP financial measure of performance. NOI is used by investors and our management to evaluate and compare the performance of our properties between segments and to other comparable properties, to determine trends in earnings and to compute the fair value of our properties as NOI is calculated by adjusting net income (loss) to add back (1) interest expense, (2) advisory fees and administrative fees, (3) the impact of depreciation and amortization, (4) corporate general and administrative expenses, (5) income tax (benefit) expenses, (6) non-operating property investment revenue, (7) realized and change in unrealized gains (losses) generated from non-real estate investments, (8) equity in income (losses) of unconsolidated equity method ventures, and (9) impairment loss.

These items can create distortions when comparing one period to another or when comparing our operating results to the operating results of other real estate companies. We believe that eliminating these items from net income (loss) is useful because the resulting measure captures the actual ongoing revenue generated and actual expenses incurred in operating our properties as well as trends in occupancy rates, rental rates and operating costs. However, the usefulness of NOI is limited because it excludes these items, all of which may be material values. NOI may fail to capture significant trends in these components of net income, which further limits its usefulness.

NOI is a measure of the operating performance of our properties but does not measure our performance as a whole. NOI is therefore not a substitute for net income (loss) as computed in accordance with GAAP. This measure should be analyzed in conjunction with net income (loss) computed in accordance with GAAP and discussions elsewhere in

“—Consolidated Results of Operations” regarding the components of net income (loss) that are eliminated in the calculation of NOI.

Other companies may use different methods for calculating NOI or similarly entitled measures and, accordingly, our NOI may not be comparable to similarly entitled measures reported by other companies that do not define the measure exactly as we do.

We define “Same Store NOI” as NOI for our properties that are comparable between periods, are stabilized and are not expected to cease being stabilized in the near future due to planned construction, renovation or similar activity that would materially impact operations. Please see below for a discussion of properties included as Same Store. 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 from the beginning of the compared period to the end of the current period.

There are two properties, White Rock Center and 5916 W Loop 289, in our same store pool for the years ended December 31, 2025 and 2024 (our “Same Store” properties). Our Same Store properties exclude Cityplace as of December 31, 2025 and 2024, because it was not yet stabilized, meaning construction or renovation was not completed. Non-Same Store properties include properties not yet stabilized. Our Same Store properties also exclude the Hospitality segment, as the properties in that segment were not held in the full comparable period.

Consolidated NOI and Same Store NOI for the Years Ended December 31, 2025 and 2024

The following table, which has not been adjusted for the effects of noncontrolling interest (“NCT”), reconciles our consolidated NOI for the years ended December 31, 2025 and 2024 to net income (loss), the most directly comparable GAAP financial measure (in thousands):

	For the Year Ended December 31	
	2025	2024
Net loss	\$ (127,037)	\$ (56,573)
Adjustments to reconcile net loss to NOI:		
Advisory and administrative fees	17,073	14,165
Corporate general and administrative expenses	11,901	12,803
Income tax (benefit) expense	(111)	1,372
Depreciation and amortization	17,739	15,600
Interest expense	26,604	28,352
Non-operating property investment revenue	(1) (44,952)	(39,281)
Realized (gains) losses from non-real estate investments	(5,994)	21,479
Change in unrealized (gains) losses from non-real estate investments	103,904	1,348
Equity in (income) losses of unconsolidated equity method ventures	1,289	(129)
Impairment loss	2,328	7,110
NOI	\$ 2,744	\$ 6,246
Less Non-Same Store		
Revenues	\$ (39,294)	\$ (42,795)
Operating expenses	37,655	37,057
Operating income	(37)	—
Same Store NOI	\$ 1,068	\$ 508

(1) Non-operating property investment revenue is defined as revenue included in the consolidated financial statements that is from non-operating properties such as dividend income and interest income.

[Table of Contents](#)

The following table, which has not been adjusted for the effects of NCI, reconciles our NOI for each of our segments for the year ended December 31, 2025 to net income (loss), the most directly comparable GAAP financial measure by reportable segment (in thousands):

	For the Year Ended December 31,					
	2025			2024		
	Diversified	Hospitality	Total	Diversified	Hospitality	Total
Net income (loss)	\$ (110,956)	\$ (16,081)	\$ (127,037)	\$ (35,337)	\$ (21,236)	\$ (56,573)
Adjustments to reconcile net income (loss) to NOI:						
Advisory and administrative fees	13,175	3,898	17,073	13,286	879	14,165
Corporate general and administrative expenses	10,574	1,327	11,901	9,947	2,856	12,803
Income tax (benefit) expense	262	(373)	(111)	1,441	(69)	1,372
Depreciation and amortization	13,245	4,494	17,739	11,698	3,902	15,600
Interest expense	14,682	11,922	26,604	17,443	10,909	28,352
Non-operating property investment revenue (1)	(44,224)	(728)	(44,952)	(34,300)	(4,981)	(39,281)
Realized (gains) losses from non-real estate investments	(5,994)	—	(5,994)	21,479	—	21,479
Change in unrealized (gains) losses from non-real estate investments	103,904	—	103,904	1,348	—	1,348
Equity in (income) losses of unconsolidated equity method ventures	1,289	—	1,289	(129)	—	(129)
Impairment loss	576	1,752	2,328	—	7,110	7,110
NOI	<u>\$ (3,467)</u>	<u>\$ 6,211</u>	<u>\$ 2,744</u>	<u>\$ 6,876</u>	<u>\$ (630)</u>	<u>\$ 6,246</u>
Less Non-Same Store						
Revenues	\$ (9,382)	\$ (29,912)	(39,294)	\$ (15,693)	\$ (27,102)	(42,795)
Operating expenses	13,918	23,737	37,655	9,325	27,732	37,057
Operating income	—	(37)	(37)	—	—	—
Same Store NOI	<u>\$ 1,069</u>	<u>\$ (1)</u>	<u>\$ 1,068</u>	<u>\$ 508</u>	<u>\$ —</u>	<u>\$ 508</u>

- (1) Non-operating property investment revenue is defined as revenue included in the consolidated financial statements that are from non-operating properties such as dividend income and interest income.

Consolidated NOI for Our Same Store and Non-Same Store Properties for the Years Ended December 31, 2025 and 2024

The following table reflects the revenues, property operating expenses and NOI for the years ended December 31, 2025 and 2024 for our Same Store and Non-Same Store properties (dollars in thousands):

	For the Year Ended December 31	For the Year Ended December 31		
	2025	2024	\$ Change	% Change
Revenues				
Same Store				
Rental income	\$ 1,719	\$ 1,147	\$ 572	49.9%
Same Store revenues	1,719	1,147	572	49.9%
Non-Same Store				
Rental income	9,342	14,531	(5,189)	-35.7%
Rooms	26,300	24,902	1,398	5.6%
Food and beverage	2,883	2,200	683	31.0%
Other income	769	1,162	(393)	-33.8%
Non-Same Store revenues	39,294	42,795	(3,501)	-8.2%
Total revenues	41,013	43,942	(2,929)	-6.7%
Operating expenses				
Same Store				
Property operating expenses	260	223	37	16.6%
Real estate taxes and insurance	280	293	(13)	-4.4%
Property management fees	85	75	10	13.3%
Property general and administrative expenses	26	48	(22)	-45.8%
Same Store operating expenses	651	639	12	1.9%
Non-Same Store				
Property operating expenses	23,532	22,033	1,499	6.8%
Real estate taxes and insurance	5,978	6,252	(274)	-4.4%
Property management fees	1,464	1,415	49	3.5%
Property general and administrative expenses	6,681	7,357	(676)	-9.2%
Non-Same Store operating expenses	37,655	37,057	598	1.6%
Total operating expenses	38,306	37,696	610	1.6%
Operating income				
Non-Same Store				
Gain on sales of real estate	37	—	37	0.0%
Total operating income	37	—	37	0.0%
NOI				
Same Store	1,068	508	560	110.2%
Non-Same Store	1,676	5,738	(4,062)	-70.8%
Total NOI	<u>\$ 2,744</u>	<u>\$ 6,246</u>	<u>\$ (3,502)</u>	<u>-56.1%</u>

See reconciliation of net income (loss) to NOI above under “NOI and Same Store NOI for the Years Ended December 31, 2025 and 2024.”

Consolidated Same Store Results of Operations for the Years Ended December 31, 2025 and 2024

As of December 31, 2025, our Same Store properties were approximately 59.7% leased with a weighted average monthly effective occupied rent per square foot of \$1.19, compared to 52.1% leased with a weighted average monthly effective occupied rent per square foot of \$1.10 as of December 31, 2024. For our Same Store properties, we recorded the following operating results for the years ended December 31, 2025 and 2024.

Revenues

Rental Income. Rental income was \$1.7 million for the year ended December 31, 2025, compared to \$1.1 million for the year ended December 31, 2024, which is an increase of approximately \$0.6 million or 49.9%. The majority of the increase between the year ended December 31, 2025 and the year ended December 31, 2024 is related to a decrease in the amortization of above- and below-market leases. Above-market leases decrease rental income as they are amortized, while below-market leases increase rental income.

Expenses

Property operating expenses. Property operating expenses were \$260.0 thousand for the year ended December 31, 2025, compared to \$223.0 thousand for the year ended December 31, 2024, which was an increase of approximately \$37.0 thousand or 16.6%. The majority of the increase between the year ended December 31, 2025 and the year ended December 31, 2024 is related to an increase in repair and maintenance fees.

Real estate taxes and insurance. Real estate taxes and insurance costs were \$280.0 thousand for the year ended December 31, 2025, compared to \$293.0 thousand for the year ended December 31, 2024, which was a decrease of approximately \$13.0 thousand or 4.4%. The majority of the decrease between the year ended December 31, 2025 and the year ended December 31, 2024 is related to a decrease in the property tax assessment.

Property management fees. Property management fees were \$85.0 thousand for the year ended December 31, 2025, compared to \$75.0 thousand for the year ended December 31, 2024, which was an increase of approximately \$10.0 thousand, or 13.3%. The increase between the year ended December 31, 2025 and the year ended December 31, 2024 is related to an increase in rental revenue, which the management fee is calculated off of.

Property general and administrative expenses. Property general and administrative expenses were \$26.0 thousand for the year ended December 31, 2025, compared to \$48.0 thousand for the year ended December 31, 2024, which was a decrease of approximately \$22.0 thousand, or 45.8%. The majority of the decrease between the year ended December 31, 2025 and the year ended December 31, 2024 is related to a decrease in professional fees.

Consolidated FFO and AFFO

We believe that net income (loss), as defined by GAAP, is the most appropriate earnings measure. We also believe that funds from operations (“FFO”), as defined by the National Association of Real Estate Investment Trusts (“NAREIT”) and adjusted funds from operations (“AFFO”) are important non-GAAP supplemental measures of operating performance for a REIT.

Since the historical cost accounting convention used for real estate assets requires depreciation except on land, such accounting presentation implies that the value of real estate assets diminishes predictably over time. However, since real estate values have historically risen or fallen with market and other conditions, presentations of operating results for a REIT that use historical cost accounting for depreciation could be less informative. Thus, NAREIT created FFO as a supplemental measure of operating performance for REITs that excludes historical cost depreciation and amortization, among other items, from net income (loss), as defined by GAAP. We compute FFO attributable to common shareholders as net income (loss), excluding gains or losses from real estate dispositions, plus real estate depreciation and amortization, plus impairment losses and realized gains (losses). Our calculation of FFO differs slightly from NAREIT's definition of FFO because we exclude

realized gains (losses). We believe the exclusion of realized gains (losses) is appropriate because these realized gains (losses) are not related to our real estate properties. Our presentation differs slightly in that we begin with net income (loss) before adjusting for amounts attributable to redeemable non-controlling interests in NHT and redeemable non-controlling interests in the OP and we show the combined amounts attributable to such non-controlling interests as an adjustment to arrive at FFO attributable to common shareholders.

AFFO makes certain adjustments to FFO in order to arrive at a more refined measure of the operating performance of our Portfolio. There is no industry standard definition of AFFO and practice is divergent across the industry. AFFO adjusts 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, non-controlling interests (as described above) related to these items, and change in unrealized gains (losses). In addition, we remove the termination fee paid to the NHT Advisor in connection with the termination of the NHT Advisory Agreement following the NHT Merger as they do not reflect the ongoing operations of the property owners. We believe AFFO is useful to investors as a supplemental gauge of our operating performance and is useful in comparing our operating performance with other REITs that are not as involved in the aforementioned activities.

We believe that the use of FFO and AFFO, combined with the required GAAP presentations, improves the understanding of operating results of REITs among investors and makes comparisons of operating results among such companies more meaningful. While FFO and AFFO are relevant and widely used measures of operating performance of REITs, they do not represent cash flows from operations or net income (loss) as defined by GAAP and should not be considered as an alternative or substitute to those measures in evaluating our liquidity or operating performance. FFO and AFFO do not purport to be indicative of cash available to fund our future cash requirements. Further, our computation of FFO and AFFO may not be comparable to FFO and AFFO reported by other REITs that do not define FFO in accordance with the current NAREIT definition or that interpret the current NAREIT definition or define AFFO differently than we do.

[Table of Contents](#)

The following table reconciles our calculations of FFO and AFFO to net income (loss), the most directly comparable GAAP financial measure, for the years ended December 31, 2025 and 2024 (in thousands, except per share amounts):

	For the Year Ended December 31,		% Change (1)
	2025	2024	
Net income (loss)	\$ (127,037)	\$ (56,573)	124.6%
Depreciation and amortization	17,739	15,600	13.7%
Realized (gains) losses	(5,994)	21,479	127.9%
Gain on sales of real estate	(37)	—	0.0%
Impairment loss	2,328	7,110	67.3%
Adjustment for noncontrolling interests in NHT	615	4,739	87.0%
Adjustment for redeemable noncontrolling interests in the OP	41	—	0.0%
FFO	(112,345)	(7,645)	1369.5%
Distributions to Series A preferred shareholders	(4,619)	(4,619)	0.0%
Distributions to Series B preferred shareholders	(522)	—	0.0%
FFO attributable to common shareholders	(117,486)	(12,264)	858.0%
FFO per share - basic	\$ (2.54)	\$ (0.30)	746.7%
FFO per share - diluted	\$ (2.54)	\$ (0.30)	746.7%
Equity-based compensation expense	4,707	3,010	56.4%
Amortization of deferred financing costs - long term debt	1,132	(696)	262.6%
Change in unrealized (gains) losses	103,904	1,348	7608.0%
Termination fee expense	3,539	—	0.0%
AFFO attributable to common shareholders	(4,204)	(8,602)	51.1%
AFFO per share - basic	\$ (0.09)	\$ (0.21)	57.1%
AFFO per share - diluted	\$ (0.09)	\$ (0.21)	57.1%
Weighted average common shares outstanding - basic	46,252	40,229	15.0%
Weighted average common shares outstanding - diluted	(2) 46,811	41,498	12.8%
Distributions declared per common share	\$ 0.60	\$ 0.60	0.0%
Net income (loss) coverage	(3) -4.58x	-2.34x	95.7%
Net income (loss) coverage - diluted	-4.52x	-2.27x	99.1%
FFO Coverage - diluted	(3) -4.23x	-0.5x	746.0%
AFFO Coverage - diluted	(3) -0.15x	-0.35x	-57.1%

(1) Represents the percentage change for the year ended December 31, 2025 compared to the year ended December 31, 2024.

(2) The Company uses actual diluted weighted average common shares outstanding when in a dilutive position for FFO and AFFO.

(3) Indicates coverage ratio of net income (loss)/FFO/AFFO per common share (diluted) over distributions declared per common share during the period.

The year ended December 31, 2025 as compared to the year ended December 31, 2024

FFO was \$(112.3) million for the year ended December 31, 2025, compared to \$(7.6) million for the year ended December 31, 2024, which was a decrease of approximately \$104.7 million. The change in our FFO between the year ended

[Table of Contents](#)

December 31, 2025 and the year ended December 31, 2024 is primarily attributed to decreases in mark-to-market values of our investments at fair value.

AFFO was \$(4.2) million for the year ended December 31, 2025, compared to \$(8.6) million for the year ended December 31, 2024, which was an increase of approximately \$4.4 million. The change in our AFFO between the year ended December 31, 2025 and the year ended December 31, 2024 is primarily attributed to a decrease in interest expense, related to a decrease in debt balance and interest rates.

Net Asset Value

The SEC does not provide rules on the methodology we must use to determine our NAV or NAV per common share. The determination of NAV involves a number of subjective assumptions, estimates and judgments that may not be accurate or complete. We believe there is no established practice among REITs for calculating NAV. Different firms using different property-specific, general real estate, capital markets, economic and other assumptions, estimates and judgments could derive a NAV that could be significantly different from our NAV. Thus, other public REITs' methodologies used to calculate NAV may differ materially from ours. Additionally, our NAV differs from the values of our real estate assets as calculated in accordance with GAAP, in that we calculate NAV based on the Consolidated Balance Sheets as total assets minus total liabilities, less any equity attributable to preferred shareholders (such as the Series A Preferred Shares) and noncontrolling interests. Our NAV per common share is calculated by dividing our NAV by our diluted common shares outstanding, which represents the aggregate of our common shares outstanding plus any unvested restricted share units as of the last day of the reporting period, and common shares assumed to be issued upon redemption of any outstanding and applicable Series B Preferred Shares. We calculate NAV per common share on a quarterly basis beginning with the quarter ended December 31, 2024.

The presentation of NAV and NAV per common share below is intended to be the Applicable NAV (as defined in the statement of preferences of the Series B Preferred Shares) for purposes of the offering of the Series B Preferred Shares. The below table presents the NAV calculation for the quarter ended December 31, 2025, along with the previously published Applicable NAV figures for past quarters (in thousands, except per common share amounts):

As Of	Total Assets	Total Liabilities	Series A Preferred Shares (1)	Series B Preferred Shares (2)	NCI	NAV	Diluted Common Shares Outstanding	NAV Per Common Share
December 31, 2025	1,074,652	(353,873)	(83,252)	(20,379)	(309)	616,839	57,318	\$ 10.76
September 30, 2025	1,106,669	(356,542)	(83,252)	(10,834)	(328)	655,713	53,863	\$ 12.17
June 30, 2025	1,110,990	(354,775)	(83,252)	(3,171)	—	669,792	50,296	\$ 13.32
March 31, 2025	1,179,554	(381,554)	(83,252)	(200)	4,915	719,463	44,118	\$ 16.31
December 31, 2024	1,224,839	(391,301)	(83,252)	—	2,970	753,256	44,118	\$ 17.07

- (1) Represents the liquidation preference, net of approximately \$738 thousand issuance costs, from the issuance of the Company's Series A Preferred Shares.
- (2) Represents the liquidation preference, net of approximately \$2.1 million issuance costs, from the issuance of the Company's Series B Preferred Shares.

Liquidity and Capital Resources

Our short-term liquidity requirements consist primarily of funds necessary to pay for debt maturities, operating expenses and other expenditures including:

- capital expenditures to continue the ongoing development of Cityplace;
- capital expenditures necessary to maintain the Hospitality hotel properties;

- interest expense and scheduled principal payments on outstanding indebtedness (see “—Obligations and Commitments” below);
- recurring maintenance necessary to maintain our properties;
- distributions necessary to qualify for taxation as a REIT;
- income taxes for taxable income generated by TRS entities;
- acquisition of additional properties or investments;
- advisory and administrative fees payable to our Adviser;
- general and administrative expenses;
- reimbursements to our Adviser; and
- property management fees.

We expect to meet our short-term liquidity requirements generally through our investment income, existing cash balance and, if necessary, future debt or equity issuances. As of December 31, 2025, we had \$8.2 million of cash available to meet our short-term liquidity requirements. As of December 31, 2025, we also had \$32.8 million of restricted cash held in reserve by the lender on the Cityplace debt. These reserves include escrows for property taxes and insurance, reserves for tenant improvements as well as required excess collateral. As of December 31, 2025, we also had \$0.9 million of restricted cash held in reserve by the lender on the NexBank Revolver (as defined below). These reserves are to be used for future interest payments on the debt facility. As of December 31, 2025, we also had \$9.5 million of restricted cash reserves associated with the Hospitality segment for brand-mandated Performance Improvement Plan and furniture, fixtures and equipment upgrades arising from the execution of the Company’s franchise agreement and future insurance and property tax expenses.

Our long-term liquidity requirements consist primarily of funds necessary to pay for the costs of acquiring additional properties, make additional accretive investments pursuant to our investment strategy, renovations and other capital expenditures to improve our properties and scheduled debt payments and distributions. We expect to meet our long-term liquidity requirements through various sources of capital, which may include the Series B Preferred Offering, a revolving credit facility and future debt or equity issuances, existing working capital, net cash provided by operations, long-term mortgage indebtedness and other secured and unsecured borrowings, and property and non-real estate asset dispositions. However, there are a number of factors that may have a material adverse effect on our ability to access these capital sources, including the state of overall equity and credit markets, our degree of leverage, our unencumbered asset base and borrowing restrictions imposed by lenders (including as a result of any failure to comply with financial covenants in our existing and future indebtedness), general market conditions for REITs, our operating performance and liquidity, market perceptions about us and restrictions on sales of properties under the Code. The success of our business strategy will depend, in part, on our ability to access these various capital sources.

In addition to our ongoing renovation of Cityplace, our other properties will require periodic capital expenditures and renovation to remain competitive. We estimate an additional \$250 million to \$270 million of capital expenditures to complete the Cityplace renovation. Also, acquisitions, redevelopments, or expansions of our properties will require significant capital outlays. Long-term, we may not be able to fund such capital improvements solely from net cash provided by operations because we must distribute annually at least 90% of our REIT taxable income, determined without regard to the deductions for distributions paid and excluding net capital gains, to qualify and maintain our qualification as a REIT, and we are subject to tax on any retained income and gains. As a result, our ability to fund capital expenditures, acquisitions, or redevelopment through retained earnings long-term is limited. Consequently, we expect to rely heavily upon the availability of debt or equity capital for these purposes. If we are unable to obtain the necessary capital on favorable terms, or at all, our financial condition, liquidity, results of operations, and prospects could be materially and adversely affected.

The Company is focused on reallocating its asset allocation across sectors in which our Sponsor has extensive experience and expertise. This re-focusing will involve selling legacy assets that do not fall within our core investment strategy or recycling assets at attractive prices. A more favorable capital market environment, with lower interest rates and increased liquidity, is expected to facilitate this process. The Company's objective is to opportunistically sell \$100 million to \$150 million in assets to free up capital for reinvestment (through debt or equity) in target asset classes such as residential, hospitality, self-storage, and life sciences, or to repurchase the Company's common shares.

We believe that our available cash, expected operating cash flows, and potential debt or equity financings will provide sufficient funds for our operations, anticipated scheduled debt service payments and distribution requirements for the twelve-month period following December 31, 2025. See "—Debt" for additional details regarding our indebtedness and related liquidity requirements.

Recent Tax Law Update

On July 4, 2025, President Trump signed into law the OBBBA. The OBBBA made significant changes to the U.S. federal income tax laws in various areas. Among the notable changes, the OBBBA permanently extended certain provisions that were enacted in the Tax Cuts and Jobs Act of 2017, most of which were set to expire after December 31, 2025. These include the permanent extension of (i) the reduced marginal U.S. federal income tax rates and (ii) the 20% deduction on "qualified REIT dividends" for individuals and other non-corporate taxpayers and (iii) the limitation on non-corporate taxpayers using "excess business losses" to offset other income. The OBBBA also increased the percentage limit under the REIT asset test applicable to TRSs from 20% to 25% for taxable years beginning after December 31, 2025. As a result, for taxable years beginning after December 31, 2025, the aggregate value of all securities of TRSs held by a REIT may not exceed 25% of the value of its gross assets.

Series B Preferred Shares Offering

On January 30, 2025, the Company announced the launch of a continuous public offering of up to 16,000,000 shares of its newly designated Series B Preferred Shares at a price to the public of \$25.00 per share, for gross proceeds of up to \$400.0 million. The Series B Preferred Shares are convertible at the option of the holder thereof into our common shares beginning on the first day of the month following the third anniversary of the date of original issuance of the shares to be converted if the 5-day volume weighted average price of our common shares on the NYSE ending on the trading day immediately preceding the date the holder delivers a duly completed conversion notice to the Company (such 5-day VWAP, the "Market Price") represents a 15.0% premium to the estimated fair market NAV of the Company per common share as most recently published by the Company at the time of issuance of the applicable Series B Preferred Share (the "Minimum Market Price Trigger"). If the Minimum Market Price Trigger is satisfied, the Series B Preferred Shares will be convertible at a 6%, 10% or 12% discount to the Market Price beginning on the first day of the month following the third, fourth and fifth anniversary of the date of original issuance of the shares to be converted, respectively. Beginning on the first day of the calendar month following the date of original issuance, the Series B Preferred Shares are redeemable at the option of the holder at a redemption price per share equal to the stated value of \$25.00 per share, plus all accrued but unpaid cash distributions and less certain redemption fees. After the first day of the first quarter following the second anniversary of the date of original issuance, the Company also has the option to redeem, in whole or in part, subject to certain restrictions in the Company's agreement and declaration of trust and the statement of preferences setting forth the terms of the Series B Preferred Shares, at a redemption price per share equal to the stated value of \$25.00 per share, plus any accrued but unpaid cash distributions. In all optional redemptions, the Company has the right, in its sole discretion, to pay the redemption in cash or in equal value of the Company's common shares for so long as the common shares are listed or admitted to trading on the NYSE or another national securities exchange or automated quotation system. NexPoint Securities, Inc., an affiliate of the Adviser, serves as the Company's dealer manager (the "Dealer Manager") in connection with the offering. The Dealer Manager uses its reasonable best efforts to sell the Series B Preferred Shares offered in the offering, and the Company pays the Dealer Manager, subject to the discounts and other special circumstances described or referenced therein, (i) selling commissions of 7.0% of the aggregate gross proceeds from sales of Series B Preferred Shares in the offering ("Selling Commissions") and (ii) a dealer manager fee of 3.0% of the gross proceeds from sales of Series B Preferred Shares in the

offering (the “Dealer Manager Fee”). The Dealer Manager, subject to federal and state securities laws, will reallocate all or any portion of the Selling Commissions and may reallocate a portion of the Dealer Manager Fee to other securities dealers that the Dealer Manager may retain who sold the Series B Preferred Shares as is described more fully in the agreements between such dealers and the Dealer Manager. The Company expects that the offering will terminate on the earlier of the date the Company sells all 16,000,000 Series B Preferred Shares in the offering or August 1, 2027 (which is the third anniversary of the effective date of the Company’s registration statement), which may be extended by the Board in its sole discretion. The Board may elect to terminate this offering at any time. As of December 31, 2025, the Company has sold 911,003 shares of the Series B Preferred Shares for total gross proceeds of \$22.4 million.

Cash Flows

The following table presents selected data from our consolidated statements of cash flows for the years ended December 31, 2025 and 2024 (in thousands):

	For the Year Ended December 31	
	2025	2024
Net cash provided by (used in) operating activities	\$ 9,166	\$ (11,665)
Net cash provided by investing activities	36,968	25,974
Net cash used in financing activities	(43,628)	(18,577)
Net decrease in cash, cash equivalents and restricted cash	2,506	(4,268)
Cash, cash equivalents and restricted cash, beginning of period	48,901	53,169
Cash, cash equivalents and restricted cash, end of period	\$ 51,407	\$ 48,901

Cash flows from operating activities. During the year ended December 31, 2025, net cash provided by operating activities was \$9.2 million, compared to net cash used in operating activities of \$(11.7) million for the year ended December 31, 2024. The change in cash flows from operating activities was mainly attributable to an increase in revenues, reduction in reinvested dividends and positive changes in operating assets and liabilities.

Cash flows from investing activities. During the year ended December 31, 2025, net cash provided by investing activities was \$37.0 million, compared to net cash provided by investing activities of \$26.0 million for the year ended December 31, 2024. The change in cash flows from investing activities was attributed to proceeds of properties sold of \$28.3 million and a return of capital from the Marriott Uptown investment of \$15.1 million.

Cash flows from financing activities. During the year ended December 31, 2025, net cash used in financing activities was \$(43.6) million, compared to net cash used in financing activities of \$(18.6) million for the year ended December 31, 2024. The change in cash flows from financing activities was due to paydowns on the mortgage debt with proceeds from the properties sold, offset by proceeds from the issuance of Series B Preferred Shares.

Debt

Mortgage Debt

As of December 31, 2025, our consolidated subsidiaries had aggregate mortgage debt outstanding to third parties of approximately \$225.2 million at a weighted average interest rate of 7.52%. See Note 6 to our consolidated financial statements for additional information.

We intend to invest in additional real estate investments as suitable opportunities arise and adequate sources of equity and debt financing are available. We expect that future investments in properties, including any improvements or renovations of current or newly acquired properties, will depend on and will be financed by, in whole or in part, our existing cash, future borrowings and the proceeds from additional issuances of common shares or other securities or investment and property dispositions.

Although we expect to be subject to restrictions on our ability to incur indebtedness, we expect that we will be able to refinance existing indebtedness or incur additional indebtedness for acquisitions or other purposes, if needed. However, there can be no assurance that we will be able to refinance our indebtedness, incur additional indebtedness or access additional sources of capital, such as by issuing common shares or other debt or equity securities, on terms that are acceptable to us or at all.

Furthermore, following the completion of our renovation and development programs and depending on the interest rate environment at the applicable time, we may seek to refinance our floating rate debt into longer-term fixed rate debt at lower leverage levels.

Cityplace Debt

Effective March 8, 2026, the lender agreed to defer the maturity of the Cityplace debt to May 8, 2026. Management is currently engaged in discussions with the lender regarding the extension of the maturity date of the Cityplace debt. Management cannot provide assurance that the lender will agree to such an extension. While the lender has not yet demanded payment of the Cityplace indebtedness, management cannot provide assurance that the lender will not exercise its right to do so or exercise its other remedies under the credit agreement, including foreclosing on Cityplace.

Should management be unable to complete any of these options, management has the contractual right to surrender the property to the lender in lieu of repayment. If the Company were to surrender the property to the lender, management believes that its remaining liquidity is sufficient for it to satisfy its remaining obligations for a period of one year from the date these financial statements are issued.

Revolving Credit Facility

On May 22, 2023, the Company entered into a revolving credit facility with NexBank (the "NexBank Revolver"), with the option for the Company to receive additional disbursements thereunder up to a maximum amount of \$50.0 million, and matures on May 21, 2026. The NexBank Revolver bears interest at one-month SOFR plus 3.50% and has two remaining six-month extension options. As of December 31, 2025, the NexBank Revolver had an outstanding balance of \$11.0 million. As of December 31, 2025, the Company held \$0.9 million in restricted cash in the interest reserve account.

Notes Payable, Freedom LHV

On August 2, 2024, the Company, through Freedom LHV, LLC ("Freedom LHV"), an indirect subsidiary of the Company, borrowed approximately \$10.0 million from The Ohio State Life Insurance Company ("OSL"), an entity that may be deemed an affiliate of the Adviser through common beneficial ownership. The note bears interest at an annual fixed rate of 10.0% and matures on August 2, 2029. The debt is secured by certain real property held by Freedom LHV and is guaranteed by the Company.

Mortgages Payable, Hospitality

On February 28, 2019, NHT, through subsidiaries of NHT OP, entered into a borrowing arrangement for a \$59.4 million Note A loan (the "Note A Loan") and a \$28.6 million Note B loan (the "Note B Loan") with ACORE Capital Mortgage, LP. The Note A Loan bears interest at a variable rate equal to the 30-day SOFR plus 2.00% and was set to mature on February 8, 2026. The Note B Loan bears interest at a variable rate equal to the 30-day SOFR plus 6.46% and was set to mature on February 8, 2026. On February 6, 2026 and February 8, 2026, respectively, the Company paid down a portion of the Note A Loan and Note B Loan and extended the maturity dates thereof. See Note 18 for a discussion of the extension of the maturity dates of the Note A Loan and Note B Loan. As of December 31, 2025, the Note A Loan and Note B Loan had an outstanding balance of \$26.4 million and \$12.7 million and effective interest rates of 6.15% and 10.61%, respectively.

On February 15, 2022, in connection with the acquisition of the Park City and Bradenton properties, NHT, through subsidiaries of NHT OP, entered into a borrowing arrangement for a \$39.3 million loan (the "PC & B Loan") with AREEIF

[Table of Contents](#)

Lender, LLC, which initially had a maturity date of February 5, 2026. See Note 18 for a discussion of the extinguishment of the PC & B Loan. The outstanding balance on the PC & B Loan at December 31, 2025 was \$38.6 million, with \$0.7 million available to draw on for renovation purposes as of December 31, 2025.

The loan documents, including the guaranty, for the PC & B Loan and the Note A Loan and Note B Loan contain customary representations, warranties, and events of default, which require a subsidiary of the Company to comply with affirmative and negative covenants.

Convertible Notes, Hospitality

A subsidiary of the Company also assumed several convertible notes with affiliates of the NHT Adviser at the closing of the NHT Merger. The fixed rate notes have rates ranging from 2.25% to 7.50% (which were market interest rates at the time of their issuance) while outstanding and mature in 20 years from their date of issuance. As of December 31, 2025, the net carrying amount of the convertible notes due to affiliates of the former NHT Adviser was \$51.9 million.

Promissory Notes Due to Affiliates

In connection with the NHT Merger, on April 17, 2025, several promissory notes with affiliates of the Company were issued due to a limitation on common shares issued to affiliates of the issuer by the New York Stock Exchange (“NYSE”). The aggregate principal amount of such promissory notes was \$0.8 million, each with an interest rate of 7.334% and maturing on April 15, 2027, with two one-year extension options. As of December 31, 2025, the carrying amount of the promissory notes due to affiliates was \$0.8 million.

Obligations, Commitments and Investment Opportunities

The following table summarizes our contractual obligations and commitments as of December 31, 2025 for the next five calendar years subsequent to December 31, 2025.

	Payments Due by Period (in thousands)						
	Total	2026	2027	2028	2029	2030	Thereafter
Property Level Debt							
Principal payments	\$ 238,490	\$ 228,490	\$ —	\$ —	\$ 10,000	\$ —	\$ —
Interest expense	6,582	3,993	1,000	1,000	589	—	—
Total	\$ 245,072	\$ 232,483	\$ 1,000	\$ 1,000	\$ 10,589	\$ —	\$ —
Prime Brokerage Borrowing							
Principal payments	\$ 5,136	\$ —	\$ —	\$ —	\$ —	\$ —	\$ 5,136 (1)
Interest expense	1,065	213	213	213	213	213	— (1)
Total	\$ 6,201	\$ 213	\$ 213	\$ 213	\$ 213	\$ 213	\$ 5,136
Series A Preferred Shares							
Distribution payments	N/A (2)	\$ 4,616	\$ 4,616	\$ 4,616	\$ 4,616	\$ 4,616	N/A (2)
Series B Preferred Shares							
Distribution payments	N/A (2)	\$ 2,050	\$ 2,050	\$ 2,050	\$ 2,050	\$ 2,050	N/A (2)
Credit Facility							
Principal payments	\$ 69,922	\$ 10,994	\$ 21,317	\$ —	\$ —	\$ —	\$ 37,611
Interest expense	24,437	2,937	1,594	1,416	1,416	1,416	15,658
Total	\$ 94,359	\$ 13,931	\$ 22,911	\$ 1,416	\$ 1,416	\$ 1,416	\$ 53,269
Total contractual obligations and commitments	\$ 378,962	\$ 253,293	\$ 30,790	\$ 9,295	\$ 18,884	\$ 8,295	\$ 58,405

(1) Assumes no additional borrowings or repayments. The Prime Brokerage (as defined below) balance has no stated maturity date.

- (2) The Series A Preferred Shares and the Series B Preferred Shares are perpetual.

Advisory Agreement

As consideration for the Adviser's services under the Advisory Agreement, we pay our Adviser the Fees, which includes the Advisory Fee equal to 1.00% of Managed Assets and the Administrative Fee equal to 0.20% of the Company's Managed Assets. The Advisory Agreement provides that, for the Fees that accrued prior to September 19, 2025, the Administrative Fees shall be paid in cash and the monthly installment of the Advisory Fees shall be paid one-half in cash and one-half in common shares of the Company, subject to certain restrictions, and that for the Fees accruing after September 19, 2025, the Fees shall be paid entirely in cash unless the Adviser elects, in its sole discretion, to receive a portion of the Fees in common shares of the Company, subject to certain restrictions. For additional information, see Note 13 to our consolidated financial statements.

We also generally reimburse our Adviser for operating or offering expenses it incurs on our behalf or in connection with the services it performs for us. The Adviser may, at its discretion and at any time, waive its right to reimbursement for eligible out-of-pocket expenses paid on the Company's behalf. Once waived, those expenses are considered permanently waived and became non-recoupable.

For the year ended December 31, 2025, the Company expensed \$13.2 million, related to the Fees. Of this \$13.2 million, \$3.7 million is related to shares that were issued in lieu of cash.

NHT Advisory Agreement

Prior to the closing of the NHT Merger on April 17, 2025, as consideration for the NHT Adviser's services under the NHT Advisory Agreement, we paid the NHT Adviser an advisory fee equal to 1.00% of the REIT Asset Value (as defined in the NHT Advisory Agreement). Pursuant to the terms of the NHT Advisory Agreement, NHT reimbursed the NHT Adviser for all documented Operating Expenses (as defined in the NHT Advisory Agreement) and offering expenses it incurred on behalf of NHT. Expenses paid or incurred by NHT for advisory fees payable to the NHT Adviser, Operating Expenses incurred by the NHT Adviser or its affiliates in connection with the services it provides to NHT and its subsidiaries and compensation expenses relating to equity awards granted under a long-term incentive plan of NHT will not exceed 1.5% of the REIT Asset Value for the calendar year (or part thereof) that the NHT Advisory Agreement is in effect (the "NHT Expense Cap"). The NHT Expense Cap did not apply to legal, accounting, financial, due diligence and other service fees incurred in connection with extraordinary litigation and mergers and acquisitions and other events outside NHT's ordinary course of business or any out-of-pocket acquisition or due diligence expenses incurred in connection with the acquisition or disposition of real estate assets. From the date of the NHT Acquisition to the period ended December 31, 2024, NHT incurred expenses subject to the NHT Expense Cap of \$3.4 million. From January 1, 2025 through April 17, 2025, NHT incurred expenses subject to the NHT Expense Cap of \$1.9 million. The NHT Advisory Agreement was terminated in connection with the closing of the NHT Merger on April 17, 2025.

Alewif Holdings Loan

On May 10, 2024, the Company, through the OP, NREF OP IV, L.P. ("NREF OP IV"), a subsidiary of NREF, an entity that is managed by an affiliate of the Adviser, and OSL, an entity that may be deemed an affiliate of the Adviser through common beneficial ownership, entered into an Assignment and Assumption and Co-Lender Agreement, pursuant to which NREF OP IV assigned the right to fund up to 9% of a mezzanine loan (the "Alewif Loan") to be made to IQHQ-Alewif Holdings, LLC ("Alewif Holdings") to the OP and allocated the right to fund up to 9% of the Alewif Loan to OSL. Effective January 2, 2025, NREF OP IV and OSL entered into an Assignment and Assumption and Co-Lender Agreement, pursuant to which NREF OP IV assigned \$7.5 million of interest in the Alewif Loan to OSL for cash and increased OSL's allocation of the right to fund up to 10.32% of the Alewif Loan. In addition, at any time and from time to time, NREF may purchase up to all of the amounts funded by OSL in the Alewif Loan from OSL. Upon receipt of a draw request, the OP and OSL have the right to elect to fund an amount equal or greater than zero and up to (i) 9% or 10.32%, respectively, of the total amount of all advances previously made under the Alewif Loan plus the amount of the then current borrowing, (ii) less the

total amount of advances previously made by the OP and OSL, respectively. NREF OP IV is required to fund any amounts not funded by OSL and the OP. At any time that the OP and OSL have funded less than their respective percentages of all advances made under the Alewife Loan, the OP and OSL have the option upon notice to NREF OP IV to pay to NREF OP IV any amount of such unfunded amount. Upon such payment, the OP or OSL would become entitled to all interest and fees accrued on the amount paid to NREF OP IV on and after the date of such payment.

IQHQ Subscription Agreement and Warrant

On December 31, 2024, NexPoint Bridge Investor I, LLC ("Bridge Investor I") entered into a Subscription Agreement ("IQHQ Subscription Agreement") whereby Bridge Investor I committed to purchase \$160.1 million of Series E preferred stock of IQHQ, Inc. In connection with the IQHQ Subscription Agreement, on December 31, 2024, Bridge Investor I also entered into a Warrant Purchase Agreement (the "IQHQ Warrant Purchase Agreement") whereby IQHQ Holdings, LP ("IQHQ Holdings") issued and sold a corresponding warrant to Bridge Investor I to purchase Class A-3 Units of IQHQ Holdings (as amended, the "IQHQ Series E Warrant"). The IQHQ Series E Warrant entitles the holder to purchase, at an exercise price of \$0.01, Class A-3 Units of IQHQ Holdings initially intended to represent up to 10.25% of the fully diluted and outstanding common equity of IQHQ Holdings. The IQHQ Series E Warrant is exercisable, in whole or in part, at any time for ten years unless there is an earlier change of control, initial public offering or liquidation.

In connection with the IQHQ Subscription Agreement and IQHQ Warrant Purchase Agreement, the OP, along with NREF, through certain subsidiaries, and certain entities advised by affiliates of our Adviser (the "IQHQ Participating Purchasers") entered into a participation rights agreement with Bridge Investor I pursuant to which the OP and the IQHQ Participating Purchasers have a right to fund up to specified amounts of the IQHQ Subscription Agreement and the IQHQ Series E Warrant. Upon receipt of a draw request, each IQHQ Participating Purchaser has the right to elect to fund an amount equal or greater than zero up to their respective preemptive right under the IQHQ Holdings or IQHQ, L.P. organizational documents less the total amount of advances previously made by such IQHQ Participating Purchaser. Upon receipt of a draw request, the OP will also have the right to elect to fund an amount equal or greater than zero up to 50% of the total requested amount that is not funded by the IQHQ Participating Purchasers. NREF would be required to fund any amounts not funded by the IQHQ Participating Purchasers and the OP. At any time that the IQHQ Participating Purchasers have funded less than their respective participation amounts, the IQHQ Participating Purchasers have the option to pay NREF or the OP (to the extent it has funded) any amount of such unfunded amount. Upon such payment, the IQHQ Participating Purchaser would become entitled to all interest accrued on the amounts paid to NREF or the OP, if applicable, on and after the date of such payment. Bridge Investor I can allocate all or any portion of the IQHQ Bridge Warrant to any parties to the participation rights agreement.

As of the December 31, 2025, the OP has not funded any amounts.

Income Taxes

I. U.S. REIT Status

We anticipate that we will continue to qualify to be taxed as a REIT for U.S. federal income tax purposes, and we intend to continue to be organized and to operate in a manner that will permit us to qualify as a REIT. However, we can give no assurance that we will maintain REIT qualification. To qualify as a REIT, we must meet certain organizational and operational requirements, including a requirement to distribute at least 90% of our annual "REIT taxable income", as defined by the Code, to shareholders. As a REIT, we will be subject to federal income tax on our undistributed REIT taxable income and net capital gain and to a 4% nondeductible excise tax on any amount by which distributions we pay with respect to any calendar year are less than the sum of (1) 85% of our ordinary income, (2) 95% of our capital gain net income and (3) 100% of our undistributed income from prior years. Taxable income from certain non-REIT activities is managed through a TRS and is subject to applicable federal, state, and local income and margin taxes. The Company has recorded a current income tax benefit of \$0.1 million associated with the TRSs for the year ended December 31, 2025, which is largely driven by income from the Company's preferred stock investments and investments in debt instruments not secured by mortgages on real property. The tax benefit is decreased by the annual change in valuation allowance on a deferred tax asset of \$4.1 million

and offset by a return-to-provision adjustment of \$0.5 million, income tax refund of \$2.0 million, and an income tax benefit of \$1.7 million for a net benefit of \$0.1 million for the year ended December 31, 2025, that is recorded on the Consolidated Statement of Operations and Comprehensive Income (Loss).

If we fail to qualify as a REIT in any taxable year, we could be subject to U.S. federal income tax on our taxable income at regular corporate income tax rates, and distributions paid to our shareholders would not be deductible by us in computing taxable income. Any resulting corporate liability could be substantial and could materially and adversely affect our net income (loss) and net cash available for distribution to shareholders. Unless we were entitled to relief under certain Code provisions, we also would be disqualified from re-electing to be taxed as a REIT for the four taxable years following the year in which we failed to qualify to be taxed as a REIT. As of December 31, 2025, we believe we are in compliance with all applicable REIT requirements.

We evaluate the accounting and disclosure of tax positions taken or expected to be taken in the course of preparing our tax returns to determine whether the tax positions are “more-likely-than-not” (greater than 50% probability) of being sustained by the applicable tax authority. Tax positions not deemed to meet the more-likely-than-not threshold would be recorded as a tax benefit or expense in the current year. Our management is required to analyze all open tax years, as defined by the statute of limitations, for all major jurisdictions, which include federal and certain states. As of December 31, 2025 and to our knowledge, we have no examinations in progress and none are expected at this time.

We recognize our tax positions and evaluate them using a two-step process. First, we determine whether a tax position is more likely than not to be sustained upon examination, including resolution of any related appeals or litigation processes, based on the technical merits of the position. Second, we will determine the amount of benefit to recognize and record the amount that is more likely than not to be realized upon ultimate settlement.

We had no material unrecognized tax benefit or expense, accrued interest or penalties as of December 31, 2025. We and our subsidiaries are subject to federal income tax as well as income tax of various state and local jurisdictions. The 2023, 2022 and 2021 tax years remain open to examination by tax jurisdictions to which our subsidiaries and we are subject. When applicable, we recognize interest and/or penalties related to uncertain tax positions on our Consolidated Statements of Operations and Comprehensive Income (Loss).

II. *Canadian mutual fund status*

Prior to the closing of the NHT Merger, NHT was a mutual fund trust pursuant to the Tax Act. Under the then-current tax legislation, a mutual fund trust that was not a SIFT pursuant to the Tax Act is entitled to deduct distributions of taxable income such that it was not liable to pay Canadian income taxes provided that its taxable income was fully distributed to unitholders.

Distributions

We intend to make regular quarterly distribution payments to holders of our common shares. U.S. federal income tax law generally requires that a REIT distribute annually at least 90% of its REIT taxable income, without regard to the deduction for distributions paid and excluding net capital gains. As a REIT, we will be subject to federal income tax on our undistributed REIT taxable income and net capital gain and to a 4% nondeductible excise tax on any amount by which distributions we pay with respect to any calendar year are less than the sum of (1) 85% of our ordinary income, (2) 95% of our capital gain net income and (3) 100% of our undistributed income from prior years. We intend to make regular quarterly distribution payments of all or substantially all of our taxable income to holders of our common shares out of assets legally available for this purpose, if and to the extent authorized by our Board. Before we make any distribution payments, whether for U.S. federal income tax purposes or otherwise, we must first meet both our operating requirements and debt service on our debt payable. If our cash available for distribution is less than our taxable income, we could be required to sell assets, borrow funds or raise additional capital to make cash distributions or we may make a portion of the required distribution in the form of a taxable distribution of shares or debt securities.

We will make distribution payments based on our estimate of taxable earnings per common share, but not earnings calculated pursuant to GAAP. Our distributions and taxable income and GAAP earnings will typically differ due to items such as depreciation and amortization, fair value adjustments, differences in premium amortization and discount accretion, investments held through our TRSs, book/tax differences on income derived from partnerships, and non-deductible general and administrative expenses. Our quarterly dividends per share may be substantially different than our quarterly taxable earnings and GAAP earnings per share. Our Board declared a distribution on our common shares of \$0.15 per share which was paid on December 31, 2025 to shareholders of record on November 21, 2025. The distribution on the Company's common shares consists of a combination of cash and shares, with the cash component of the distribution (other than cash paid in lieu of fractional shares) not to exceed 20% in the aggregate, with the balance being paid in the Company's common shares. Our Board declared a distribution on our Series A Preferred Shares of \$0.34375 per share which was paid on December 31, 2025, to shareholders of record on December 23, 2025. Our Board declared distributions on our Series B Preferred Shares of \$0.1875 per share each, which were paid on January 5, 2026, December 5, 2025 and November 5, 2025, to shareholders of record on December 24, 2025, November 25, 2025 and October 24, 2025, respectively. We expect that distributions on our common shares, when, if and as declared by our Board, will be declared on a quarterly basis.

The purpose of paying the elective share distribution partially in shares and partially in cash is to conserve cash for additional investments at the Company. The Company may revert to paying the distribution solely in cash at some point in the future when cash flow from operations supports such a cash distribution. However, there can be no assurance that cash flow from operations will be able to support a cash distribution in the future.

Off-Balance Sheet Arrangements

As of December 31, 2025, we had the following off-balance sheet arrangements that have or are reasonably likely to have a current or future effect on our financial condition, changes in financial condition, revenues or expenses, results of operations, liquidity, capital expenditures or capital resources.

Commitments

The Company is a guarantor on dividend payments with respect to Series D Preferred Stock of NSP, which may be deemed an affiliate of the Adviser. As of December 31, 2025, the outstanding NSP Series D Preferred Stock accrued dividends were \$15.0 million, and the Company and NREF OP IV REIT Sub, LLC are jointly and severally liable for 85.90% of the guaranteed amount. See Note 13 to our consolidated financial statements for additional information.

The Company is a guarantor on one of NSP's loans, with an aggregate principal amount of \$750.0 million outstanding as of December 31, 2025. The obligations consist of liability for losses suffered by the lender arising out of certain bad acts, such as if the borrower takes actions that are fraudulent or improper or upon certain violations of the related loan agreement. See Note 13 to our consolidated financial statements for additional information.

The Company is a limited guarantor and an indemnitor on one of our subsidiary's loans with an aggregate principal amount of \$41.6 million as of December 31, 2025. The obligations include a customary environmental indemnity and a so-called "bad boy" guarantee, which is generally only applicable if and when the borrower directly, or indirectly through an agreement with an affiliate, joint venture partner or other third party, voluntarily files a bankruptcy or similar liquidation or reorganization action or takes other actions that are fraudulent or improper. The Company is current on all debt payments and in compliance with all debt compliance provisions.

The Company is a guarantor and an indemnitor on one of Cityplace's loans with an aggregate principal amount of \$138.2 million as of December 31, 2025. The obligations include guarantees, which are generally only applicable if and when the borrower, which is a subsidiary of the Company, directly, or indirectly through an agreement with an affiliate, joint venture partner or other third party, voluntarily terminates construction services prior to the completion of the project, files a bankruptcy or similar liquidation or reorganization action or takes other actions that are fraudulent or improper. As of December 31, 2025, management does not anticipate any material deviations from schedule or budget related to construction

projects current in process, and Cityplace is current on all debt payments and in compliance with all debt compliance provisions.

Critical Accounting Policies and Estimates

Management's discussion and analysis of financial condition and results of operations is based upon our consolidated financial statements, which have been prepared in accordance with GAAP. The preparation of these financial statements requires our management to make judgments, assumptions and estimates that affect the reported amounts of assets, liabilities, revenues and expenses, and related disclosure of contingent assets and liabilities. We evaluate these judgments, assumptions and estimates for changes that would affect the reported amounts. These estimates are based on management's historical industry experience and on various other judgments and assumptions that are believed to be reasonable under the circumstances. Actual results may differ from these judgments, assumptions and estimates. Below is a discussion of the accounting policies that we consider critical to understanding our financial condition or results of operations where there is uncertainty or where significant judgment is required.

See Note 3 to our consolidated financial statements, "Summary of Significant Accounting Policies", for further discussion of our accounting estimates and policies.

Valuation of Level 3 Fair Valued Investments

As of December 31, 2025, approximately 42.3% of the total assets owned by the Company are comprised of fair valued level 3 investments. The Company elected the fair-value option in accordance with FASB Accounting Standards Codification ("ASC") 825-10-10. On an annual basis, the Company hires independent third-party valuation firms to provide updated fair values for subsequent measurement absent a readily available market price. The valuation is determined using widely accepted valuation techniques. See Note 9 to our consolidated financial statements, "Fair Value Financial Instruments", for further discussion of our valuation techniques of level 3 investments. The necessary inputs for these valuations includes a variety of valuation techniques and unobservable inputs. These inputs are subject to assumptions and estimates. As a result, the determination of fair value is uncertain because it involves subjective judgments and estimates that are unobservable. For the year ended December 31, 2025, the unrealized gains (losses) related to the change in fair value of level 3 investments is \$(91.0) million. See Note 9 to our consolidated financial statements for additional disclosures regarding the valuation of level 3 fair valued investments.

Purchase Price Allocation

Upon acquisition of a property considered to be an asset acquisition, the purchase price and related acquisition costs ("total consideration") are allocated to land, buildings, improvements, furniture, fixtures, and equipment, and intangible lease assets based on relative fair value in accordance with FASB ASC 805, *Business Combinations*. Acquisition costs related to asset acquisitions are capitalized in accordance with FASB ASC 805.

The allocation of total consideration, which is determined using inputs that are classified within Level 3 of the fair value hierarchy established by FASB ASC 820 (see Note 9 to our consolidated financial statements), is based on management's estimate of the property's "as-if" vacant fair value and is calculated by using all available information such as the replacement cost of such asset, appraisals, property condition reports, market data and other related information. If any debt is assumed in an acquisition, the difference between the fair value, which is estimated using inputs that are classified within Level 2 of the fair value hierarchy, and the face value of debt is recorded as a premium or discount and amortized as interest expense over the life of the debt assumed.

Impairment

Real estate assets held and used are reviewed for impairment whenever events or changes in circumstances indicate that the carrying amount of an asset may not be recoverable. The key inputs into our impairment analysis include, but are not limited to, the holding period, net operating income, and capitalization rates. In such cases, we will evaluate the recoverability

of such real estate assets based on estimated future cash flows and the estimated liquidation value of such real estate assets, and provide for impairment if such undiscounted cash flows are insufficient to recover the carrying amount of the real estate asset. If impaired, the real estate asset will be written down to its estimated fair value. The Company's impairment analysis identifies and evaluates events or changes in circumstances that indicate the carrying amount of a real estate investment may not be recoverable, including determining the period the Company will hold the rental property, net operating income, and the estimated capitalization rate for each respective real estate investment. For the years ended December 31, 2025 and 2024, the Company recorded approximately \$0.6 million and \$5.2 million of impairment charges on real estate assets held and used, which are included in impairment loss on the Consolidated Statements of Operations and Comprehensive Income (Loss).

Held for Sale

The Company periodically classifies real estate assets as held for sale when certain criteria are met in accordance with U.S. GAAP. At that time, the Company presents the net real estate assets and the liabilities associated with the real estate held for sale separately in its consolidated balance sheet, and the Company ceases recording depreciation and amortization expense related to that property. Real estate held for sale is reported at the lower of its carrying amount or its estimated fair value less estimated costs to sell. As of December 31, 2025 and December 31, 2024, there were zero and three properties classified as held for sale, respectively. In addition to the net real estate assets, the Consolidated Balance Sheets also include approximately \$0.0 million and \$0.1 million of accounts receivable and prepaid and other assets, and approximately \$0.0 million and \$0.8 million of accounts payable, real estate taxes payable, security deposits, prepaid rents, and other accrued liabilities related to assets held for sale as of December 31, 2025 and December 31, 2024, respectively. For the years ended December 31, 2025 and 2024, the Company recorded approximately \$1.8 million and \$1.9 million of losses on real estate held for sale, which are included in impairment loss on the Consolidated Statements of Operations and Comprehensive Income (Loss).

Inflation

The real estate market has not been directly affected by inflation in the past several years due to increases in rents nationwide. Our lease terms are generally for a period of one year or more and rental rates reset to market if renewed. The majority of our leases also contain protection provisions applicable to reimbursement billings for utilities.

Inflation may also affect the overall cost of debt, as the implied cost of capital increases. We intend to mitigate these risks through long-term fixed interest rate loans and interest rate hedges.

Inflation has had a significant impact in the regions in which the Hospitality segment holds properties, causing a decrease in the willingness of the general population to travel and reduced occupancy, the effect of which may continue to impact the Hospitality segment's operations.

Implications of being a Smaller Reporting Company

As of December 31, 2025, we are a "smaller reporting company" as defined in the Exchange Act, and may elect to take advantage of certain of the scaled disclosures available to smaller reporting companies.

Item 7A. Quantitative and Qualitative Disclosures About Market Risk

Not required.

Item 8. Financial Statements and Supplementary Data

Index to Consolidated Financial Statements

[Table of Contents](#)

	Page
<u>Report of Independent Registered Public Accounting Firm</u>	88
<u>Consolidated Balance Sheets as of December 31, 2025 and 2024</u>	90
<u>Consolidated Statements of Operations and Comprehensive Income (Loss) for the Years Ended December 31, 2025 and 2024</u>	91
<u>Consolidated Statements of Equity for the Years Ended December 31, 2025 and 2024</u>	92
<u>Consolidated Statements of Cash Flows for the Years Ended December 31, 2025 and 2024</u>	94

Report of Independent Registered Public Accounting Firm

To the Shareholders and Board of Trustees of
NexPoint Diversified Real Estate Trust:

Opinion on the Consolidated Financial Statements

We have audited the accompanying consolidated balance sheets of NexPoint Diversified Real Estate Trust and subsidiaries (the Company) as of December 31, 2025 and 2024, the related consolidated statements of operations and comprehensive income (loss), equity, and cash flows for the years then ended, and the related notes (collectively, the consolidated financial statements). In our opinion, the consolidated financial statements present fairly, in all material respects, the financial position of the Company as of December 31, 2025 and 2024, and the results of its operations and its cash flows for the years then ended, in conformity with U.S. generally accepted accounting principles.

Basis for Opinion

These consolidated financial statements are the responsibility of the Company's management. Our responsibility is to express an opinion on these consolidated financial statements based on our audits. We are a public accounting firm registered with the Public Company Accounting Oversight Board (United States) (PCAOB) and are required to be independent with respect to the Company in accordance with the U.S. federal securities laws and the applicable rules and regulations of the Securities and Exchange Commission and the PCAOB.

We conducted our audits in accordance with the standards of the PCAOB. Those standards require that we plan and perform the audit to obtain reasonable assurance about whether the consolidated financial statements are free of material misstatement, whether due to error or fraud. The Company is not required to have, nor were we engaged to perform, an audit of its internal control over financial reporting. As part of our audits, we are required to obtain an understanding of internal control over financial reporting but not for the purpose of expressing an opinion on the effectiveness of the Company's internal control over financial reporting. Accordingly, we express no such opinion.

Our audits included performing procedures to assess the risks of material misstatement of the consolidated financial statements, whether due to error or fraud, and performing procedures that respond to those risks. Such procedures included examining, on a test basis, evidence regarding the amounts and disclosures in the consolidated financial statements. Our audits also included evaluating the accounting principles used and significant estimates made by management, as well as evaluating the overall presentation of the consolidated financial statements. We believe that our audits provide a reasonable basis for our opinion.

Critical Audit Matter

The critical audit matter communicated below is a matter arising from the current period audit of the consolidated financial statements that was communicated or required to be communicated to the audit committee and that: (1) relates to accounts or disclosures that are material to the consolidated financial statements and (2) involved our especially challenging, subjective, or complex judgments. The communication of a critical audit matter does not alter in any way our opinion on the consolidated financial statements, taken as a whole, and we are not, by communicating the critical audit matter below, providing a separate opinion on the critical audit matter or on the accounts or disclosures to which it relates.

Fair value measurement of level 3 investments

As discussed in Notes 3 and 9 to the consolidated financial statements, the Company has \$568.6 million of investments that are measured at fair value on a recurring basis, a portion of which uses inputs that are classified within Level 3 of the fair value hierarchy as of December 31, 2025. The Company uses an income approach, market approach, or a combination thereof to value each of these investments. Establishing fair values for these Level 3 investments is inherently subjective and dependent upon significant unobservable inputs and assumptions.

We identified the evaluation of the fair value measurements for certain Level 3 investments as a critical audit matter. Complex auditor judgment and the involvement of valuation professionals with specialized skills and knowledge were required to evaluate certain assumptions used in the Company's determination of the fair value measurements. Specifically, for investments that used the income approach, the assumptions included the capitalization rates, market rent, discount rates, and discount applied to net asset value. For investments that used the market approach, the assumptions included the discount applied to net asset value.

The following are the primary procedures we performed to address this critical audit matter. We evaluated the design of certain internal controls used in the fair value measurements process, including controls related to the assumptions described above. We involved valuation professionals with specialized skills and knowledge who assisted in:

- evaluating the capitalization rates and discount rates by comparing them against ranges that were independently developed using publicly available market data for comparable properties
- assessing the appropriateness of the market rent assumptions by comparing them to comparable transactions and current listings of comparable properties
- determining the appropriateness of the discount applied to net asset value by comparing it to industry data available for comparable publicly traded companies

/s/ KPMG LLP

We have served as the Company's auditor since 2022.

Dallas, Texas

March 31, 2026

NEXPOINT DIVERSIFIED REAL ESTATE TRUST AND SUBSIDIARIES
CONSOLIDATED BALANCE SHEETS
(in thousands, except share and par value amounts)

	December 31, 2025	December 31, 2024
ASSETS		
Consolidated Real Estate Investments		
Land	\$ 61,997	\$ 62,227
Buildings and improvements	317,395	312,200
Intangible lease assets	10,979	10,979
Construction in progress	21,237	24,689
Furniture, fixtures, and equipment	10,356	10,124
Right-of-use assets (\$534 and \$712 with related parties, respectively)	1,998	2,176
Total Gross Consolidated Real Estate Investments	423,962	422,395
Accumulated depreciation and amortization	(50,028)	(35,002)
Total Net Consolidated Real Estate Investments	373,934	387,393
Real estate assets held for sale	—	29,890
Total Net Real Estate Investments	373,934	417,283
Investments, at fair value (\$421,746 and \$493,909 with related parties, respectively)	568,610	643,432
Equity method investments (\$700 and \$407 with related parties, respectively)	33,788	54,429
Investments in DSTs (\$33,559 and \$30,559 with related parties, respectively)	33,559	30,559
Cash and cash equivalents	8,166	8,791
Restricted cash	43,241	40,110
Accounts receivable, net	2,868	4,463
Prepaid and other assets (\$0 and \$7,315 with related parties, respectively)	8,557	17,500
Accrued interest and dividends	1,366	5,495
Interest rate caps	65	159
Deferred tax asset, net	498	2,618
Total Assets	\$ 1,074,652	\$ 1,224,839
LIABILITIES AND EQUITY		
Liabilities:		
Mortgages payable, net (\$10,000 and \$10,000 with related parties, respectively)	\$ 224,995	\$ 261,945
Notes payable (\$63,700 and \$66,731 with related parties, respectively)	76,892	90,888
Prime brokerage borrowing	5,136	1,222
Accounts payable and other accrued liabilities	28,810	22,739
Income tax payable	273	255
Accrued real estate taxes payable	3,689	226
Accrued interest payable	10,627	8,724
Security deposit liability	403	389
Prepaid rents	437	1,053
Intangible lease liabilities, net	2,065	3,139
Lease liability (\$546 and \$721 with related parties, respectively)	546	721
Total Liabilities	353,873	391,301
Redeemable Series B Preferred Shares, \$0.001 par value: 16,000,000 authorized; 911,003 and 0 shares issued and outstanding, respectively	20,379	—
Redeemable noncontrolling interests in the OP	309	—
Equity:		
Series A Preferred Shares, \$0.001 par value: 4,800,000 shares authorized; 3,359,593 and 3,359,593 shares issued and outstanding, respectively	3	3
Common shares, \$0.001 par value: unlimited shares authorized; 50,132,605 and 42,679,569 shares issued and outstanding, respectively	50	43
Additional paid-in capital	1,062,114	1,039,280
Accumulated earnings (loss)	(362,076)	(202,818)
Total Shareholders' Equity	700,091	836,508
Noncontrolling interests	—	(2,970)
Total Equity	700,091	833,538
TOTAL LIABILITIES AND EQUITY	\$ 1,074,652	\$ 1,224,839

See Notes to Consolidated Financial Statements
NEXPOINT DIVERSIFIED REAL ESTATE TRUST AND SUBSIDIARIES
CONSOLIDATED STATEMENTS OF OPERATIONS
AND COMPREHENSIVE INCOME (LOSS)
(in thousands, except per share amounts)

	For the Year Ended December 31	
	2025	2024
Revenues		
Rental income (\$276 and \$271 with related parties, respectively)	\$ 11,061	\$ 15,678
Rooms	26,300	24,902
Food and beverage	2,883	2,200
Interest income (\$1,484 and \$2,600 with related parties, respectively)	9,383	7,216
Dividend income (\$30,394 and \$28,528 with related parties, respectively)	34,989	29,430
Other income	1,349	3,796
Total revenues	85,965	83,222
Expenses		
Property operating expenses (\$217 and \$260 with related parties, respectively)	23,792	22,255
Property management fees (\$670 and \$734 with related parties, respectively)	1,550	1,491
Real estate taxes and insurance	6,258	6,544
Advisory and administrative fees	17,073	14,165
Property general and administrative expenses (\$276 and \$271 with related parties, respectively)	6,706	7,405
Corporate general and administrative expenses	11,901	12,803
Depreciation and amortization	17,739	15,600
Impairment loss	2,328	7,110
Total expenses	87,347	87,373
Operating income (loss)	(1,382)	(4,151)
Interest expense (\$2,184 and \$2,136 with related parties, respectively)	(26,604)	(28,352)
Equity in (losses) income (\$292 and \$649 with related parties, respectively)	(1,289)	129
Change in unrealized losses ((\$78,130) and (\$18,829) with related parties, respectively)	(103,904)	(1,348)
Realized gains (losses) (\$3,344 and \$339 with related parties, respectively)	5,994	(21,479)
Gain on sales of real estate	37	—
Net income (loss) before income taxes	(127,148)	(55,201)
Income tax benefit (expense)	111	(1,372)
Net income (loss)	(127,037)	(56,573)
Net (income) loss attributable to Series A Preferred Shareholders	(4,619)	(4,619)
Net (income) loss attributable to Series B Preferred Shareholders	(522)	—
Net (income) loss attributable to noncontrolling interests in NHT	1,945	9,843
Net (income) loss attributable to redeemable noncontrolling interests in the OP	41	—
Net income (loss) attributable to common shareholders	\$ (130,192)	\$ (51,349)
Weighted average common shares outstanding - basic	46,252	40,229
Weighted average common shares outstanding - diluted	46,252	40,229
Earnings (loss) per share - basic	\$ (2.81)	\$ (1.28)
Earnings (loss) per share - diluted	\$ (2.81)	\$ (1.28)

See Notes to Consolidated Financial Statements

NEXPOINT DIVERSIFIED REAL ESTATE TRUST AND SUBSIDIARIES
CONSOLIDATED STATEMENTS OF EQUITY
(in thousands, except share and per share amounts)

Year Ended December 31, 2025	Series A Preferred Shares		Common Shares		Additional Paid-in Capital	Accumulated Earnings (Loss)	Noncontrolli ng Interests	Common Stock Held in Treasury at Cost	Total
	Number of Shares	Amou nt	Number of Shares	Amou nt					
Balances, December 31, 2024	3,359,593	\$ 3	42,679, 569	\$ 43	\$ 1,039,280	\$ (202,818)	\$ (2,970)	\$ —	\$ 8
Stock-based compensation expense	—	—	358,173	—	4,349	—	—	—	4,349
Shares issued to Adviser for admin and advisory fees	—	—	937,026	1	4,319	—	—	—	4,320
Net loss attributable to common shareholders	—	—	—	—	—	(130,192)	—	—	(130,192)
Net loss attributable to noncontrolling interests	—	—	—	—	—	—	(1,945)	—	(1,945)
Net income attributable to Series A preferred shareholders	—	—	—	—	—	4,619	—	—	4,619
Repurchases of common stock	—	—	—	—	—	—	—	(1,885)	(1,885)
Retirement of common stock held in treasury	—	—	(562,157)	(1)	(1,885)	—	—	1,885	(1)
Common stock distributions declared (\$0.60 per share)	—	—	5,635,401	6	22,185	(29,066)	—	—	(6,875)
Series A Preferred distributions declared (\$1.375 per share)	—	—	—	—	—	(4,619)	—	—	(4,619)
Acquisition of noncontrolling interests in NHT	—	—	1,084,593	1	(6,134)	—	4,915	—	(1,218)
Balances, December 31, 2025	<u>3,359,593</u>	<u>\$ 3</u>	<u>50,132,605</u>	<u>\$ 50</u>	<u>\$ 1,062,114</u>	<u>\$ (362,076)</u>	<u>\$ —</u>	<u>\$ —</u>	<u>\$ 1</u>

See Notes to Consolidated Financial Statements

NEXPOINT DIVERSIFIED REAL ESTATE TRUST AND SUBSIDIARIES
CONSOLIDATED STATEMENTS OF EQUITY
(in thousands, except share and per share amounts)

Year Ended December 31, 2024	Series A Preferred Shares		Common Shares		Additional Paid-in Capital	Accumulated Earnings (Loss)	Noncontrolling Interests	Total
	Number of Shares	Amount	Number of Shares	Amount				
Balances, December 31, 2023	3,359,593	\$ 3	38,389,600	\$ 38	\$ 1,011,613	\$ (126,580)	\$ —	\$ 885,074
Noncontrolling interests from NHT Acquisition	—	—	—	—	—	—	6,873	6,873
Stock-based compensation expense	—	—	145,433	—	2,808	—	—	2,808
Shares issued to Adviser for admin and advisory fees	—	—	867,627	1	5,544	—	—	5,545
Net loss attributable to common shareholders	—	—	—	—	—	(51,349)	—	(51,349)
Net loss attributable to noncontrolling interests	—	—	—	—	—	—	(9,843)	(9,843)
Net income attributable to Series A preferred shareholders	—	—	—	—	—	4,619	—	4,619
Common stock distributions declared (\$0.60 per share)	—	—	3,276,909	4	19,315	(24,889)	—	(5,570)
Preferred distributions declared (\$1.375 per share)	—	—	—	—	—	(4,619)	—	(4,619)
Balances, December 31, 2024	<u>3,359,593</u>	<u>\$ 3</u>	<u>42,679,569</u>	<u>\$ 43</u>	<u>\$ 1,039,280</u>	<u>\$ (202,818)</u>	<u>\$ (2,970)</u>	<u>\$ 833,538</u>

See Notes to Consolidated Financial Statements

NEXPOINT DIVERSIFIED REAL ESTATE TRUST AND SUBSIDIARIES
CONSOLIDATED STATEMENTS OF CASH FLOWS
(in thousands)

[Table of Contents](#)

	For the Year Ended December 31,	
	2025	2024
Cash flows from operating activities		
Net loss	\$ (127,037)	\$ (56,573)
Adjustments to reconcile net loss to net cash provided by (used in) operating activities:		
Depreciation and amortization	17,739	15,600
Amortization of intangible lease assets and liabilities	(992)	(1,018)
Amortization of deferred financing costs	1,132	696
Amortization of fair value adjustment of assumed debt	1,525	1,140
Paid-in-kind interest and dividends ((\$5,743) and (\$5,845) with related parties, respectively)	(13,028)	(10,089)
Net cash (paid) received on derivative settlements	121	932
Proceeds from paid-in-kind interest and dividends (\$518 and \$0 with related parties, respectively)	882	2,517
Realized (gain) loss (\$3,344 and \$339 with related parties, respectively)	(5,994)	21,479
Net change in unrealized loss on investments held at fair value (\$78,130 and \$18,829 with related parties, respectively)	103,904	1,348
Unrealized (gain) loss on interest rate derivatives	(27)	(27)
Impairment loss	2,328	7,110
Equity in (income) losses of unconsolidated ventures (\$292 and \$649 with related parties, respectively)	1,289	(129)
Distributions of earnings from unconsolidated ventures (\$0 and \$761 with related parties, respectively)	8,929	5,403
Stock-based compensation expense	4,707	3,010
(Gain) on sales of real estate	(37)	—
Equity security dividends reinvested (\$2,660 and \$(5,459) with related parties, respectively)	(2,660)	(5,476)
Deferred tax expense	1,597	278
Changes in operating assets and liabilities, net of effects of acquisitions:		
Income tax payable	541	(101)
Real estate taxes payable	3,463	(523)
Operating assets	4,725	(3,246)
Operating liabilities	6,059	6,004
Net cash provided by (used in) operating activities:	9,166	(11,665)
Cash flows from investing activities		
Proceeds from asset redemptions (\$26,431 and \$19,136 with related parties, respectively)	26,446	25,139
Distributions from CLO investments	—	1,266
Sale of consolidated real estate investment	28,306	—
Proceeds from return of investment	15,054	—
Net cash acquired in acquisition of NexPoint Hospitality Trust	—	42,749
Purchases of investments (\$14,210 and \$(34,787) with related parties, respectively)	(30,371)	(34,907)
Additions to consolidated real estate investments	(2,467)	(8,273)
Net cash provided by investing activities	36,968	25,974
Cash flows from financing activities		
Mortgage proceeds received (\$0 and \$9,900 with related parties, respectively)	705	9,900
Mortgage payments	(37,634)	(4,777)
Prime brokerage borrowing	5,796	341
Credit facilities payments (\$5,490 and \$(3,515) with related parties, respectively)	(16,500)	(12,915)
Prime brokerage payments	(1,882)	(901)
Deferred financing costs paid	(1,118)	(463)
Payments for taxes related to net share settlement of stock-based compensation	(329)	(202)
Proceeds from issuance of Series B Preferred Shares through public offering, net of offering costs	20,379	—
Repurchase of common shares	(1,885)	—
Distributions paid to Series A Preferred Shareholders	(4,619)	(4,619)
Distributions paid to Series B Preferred Shareholders	(522)	—
Distributions paid to common shareholders	(6,010)	(4,941)
Distributions to redeemable noncontrolling interests in the OP	(9)	—
Net cash used in financing activities:	(43,628)	(18,577)
Net increase (decrease) in cash, cash equivalents and restricted cash	2,506	(4,268)

[Table of Contents](#)

Cash, cash equivalents and restricted cash, beginning of year	48,901	53,169
Cash, cash equivalents and restricted cash, end of year	<u>\$ 51,407</u>	<u>\$ 48,901</u>
Supplemental Disclosure of Cash Flow Information		
Interest paid	23,176	19,886
Income tax paid	1,586	2,640
Supplemental Disclosure of Noncash Activities		
Non-cash distribution payment	22,191	19,319
Non-cash advisory fee payment	4,320	5,545
Increase in dividends payable upon vesting of restricted stock units	866	628
Real estate investments assumed in acquisition of NexPoint Hospitality Trust	—	(167,624)
DST investments assumed in acquisition of NexPoint Hospitality Trust	—	(5,000)
Interest rate caps assumed in acquisition of NexPoint Hospitality Trust	—	(1,064)
Notes payable assumed in acquisition of NexPoint Hospitality Trust	—	50,694
Notes payable issued in merger of NexPoint Hospitality Trust	826	—
Mortgages payable assumed in acquisition of NexPoint Hospitality Trust	—	114,640
Right of use assets assumed in acquisition of NexPoint Hospitality Trust	—	(1,465)
Change to APIC from the merger of NexPoint Hospitality Trust	(6,058)	—
Accrued interest payable assumed in acquisition of NexPoint Hospitality Trust	—	6,353
Noncontrolling interests extinguished in merger of NexPoint Hospitality Trust	4,915	6,873
Redeemable noncontrolling interest in the OP from the merger of NexPoint Hospitality Trust	359	—
Deconsolidated investments at fair value from the acquisition of NexPoint Hospitality Trust	—	24,981
Accounts receivable and other assets assumed in acquisition of NexPoint Hospitality Trust	—	(1,305)
Prepaid assets and other assets assumed in acquisition of NexPoint Hospitality Trust	—	(1,492)
Accounts payable and other liabilities assumed in acquisition of NexPoint Hospitality Trust	—	14,276
Change in capitalized construction costs included in accounts payable and other accrued liabilities	25	698
Real estate taxes payable assumed in acquisition of NexPoint Hospitality Trust	—	1,233

See Notes to Consolidated Financial Statements

NEXPOINT DIVERSIFIED REAL ESTATE TRUST AND SUBSIDIARIES
NOTES TO CONSOLIDATED FINANCIAL STATEMENTS

1. Organization and Description of Business

NexPoint Diversified Real Estate Trust (the "Company", "we", "us", or "our") was formed in Delaware and has elected to be taxed as a real estate investment trust (a "REIT"). Substantially all of the Company's business is conducted through NexPoint Diversified Real Estate Trust Operating Partnership, L.P. (the "OP"), the Company's operating partnership. The Company conducts its business (the "Portfolio") through the OP and its wholly owned taxable REIT subsidiaries ("TRSs"). The Company's wholly owned subsidiary, NexPoint Diversified Real Estate Trust OP GP, LLC (the "OP GP"), is the sole general partner of the OP. As of December 31, 2025, there were 44,536,894.47 common units of the OP outstanding, of which 99.96% were owned by the Company.

The Company is externally managed by NexPoint Real Estate Advisors X, L.P. (the "Adviser"), through an agreement dated July 1, 2022, amended on October 25, 2022, April 11, 2023, July 22, 2024 and September 19, 2025 (the "Advisory Agreement"), by and among the Company and the Adviser for a term that will expire on July 1, 2026 and successive one-year terms thereafter unless earlier terminated. The Adviser manages the day-to-day operations of the Company and provides investment management services. The Company had no employees as of December 31, 2025. All of the Company's investment decisions are made by the Adviser, subject to general oversight by the Adviser's investment committee and our board of trustees (the "Board"). The Adviser is wholly owned by NexPoint Advisors, L.P. (the "Sponsor" or "NexPoint").

As a diversified REIT, the Company's primary investment objective is to provide both current income and capital appreciation. Target underlying property types primarily include, but are not limited to, single-family rentals, multifamily, self-storage, life science, office, industrial, hospitality, net lease, retail and small-bay industrial. The Company may, to a limited extent, hold, acquire or transact in certain non-real estate securities.

2. Asset Acquisition

NHT Acquisition

On April 10, 2024, NexPoint Real Estate Partners, LLC ("NREP"), an entity advised by an affiliate of the Adviser, and Highland Capital Management, L.P. ("Highland"), a third party, entered into a Purchase Agreement ("Purchase Agreement") whereby Highland agreed to sell, among other things, 2,176,257 units (the "NHT Units") of NexPoint Hospitality Trust ("NHT") to NREP. The Purchase Agreement was funded in part by cash of \$0.8 million provided to NREP by the Company that was allocated for the sale of the NHT Units. Then on April 19, 2024, the Company, NexPoint Real Estate Opportunities, LLC ("NREO"), a wholly owned subsidiary of the Company, and NREP entered into an Assignment of Interests Agreement whereby NREP distributed, assigned, conveyed, transferred, set over, and delivered to NREO its right to purchase the NHT Units under the Purchase Agreement and all of its rights, title and interest in, to and under the NHT Units, including all voting, consent and financial rights, free and clear of all liens and encumbrances (the "NHT Acquisition"). As a result, the Company owned 53.65% of the outstanding NHT Units and was determined to hold the controlling financial interest in NHT and as a result consolidated NHT. The NHT Acquisition was accounted for as an asset acquisition under Financial Accounting Standards Board ("FASB") Accounting Standards Codification ("ASC") 805, *Business Combinations*.

Because the Company did not wholly own NHT following the NHT Acquisition, the Company recognized a noncontrolling interest ("NCI") of \$6.9 million, which was recorded at fair value when the controlling financial interest was acquired. The Company also recorded an unrealized gain on its previously held interest in NHT of \$3.9 million.

On November 22, 2024, the Company announced that it had entered into an Agreement and Plan of Merger (the "NHT Merger Agreement") pursuant to which it would acquire the remaining outstanding NHT Units in a merger transaction (the "NHT Merger"). On February 21, 2025, NHT's unitholders voted to approve the NHT Merger. On April 17, 2025, the Company consummated the NHT Merger in accordance with the NHT Merger Agreement.

[Table of Contents](#)

As consideration for the NHT Merger, the Company issued 1,084,593 common shares to the former unitholders of NHT and caused the OP to issue 227,728.5 profits interest units to certain individuals employed by an affiliate of the Adviser as replacement awards for profits interest units they were previously granted by NHT and 19,881.2299 limited partnership units to one of the members of NHT's operating company. Additionally, the Company issued promissory notes to certain unitholders of NHT that may be deemed affiliates of the Company in an aggregate principal amount of approximately \$0.8 million in lieu of common shares they otherwise would have been entitled to receive in consideration for the NHT Merger. Unitholders of NHT who elected to receive a cash payment for the redemption of their units received aggregate payments of approximately \$76.0 thousand from NHT in a reorganization transaction consummated prior to the consummation of the NHT Merger. NHT also paid an aggregate of approximately \$0.9 million to redeem certain deferred units held by its trustees prior to the consummation of the NHT Merger.

The accumulated cost of the NHT Acquisition was allocated to the acquired assets and liabilities based on their relative fair values as of April 10, 2024, as follows (in thousands):

	As Issued
Description	
Land	\$ 22,673
Buildings and improvements	128,616
Construction in progress	3,613
Furniture, fixtures, and equipment	12,722
Investments, at fair value	5,000
Cash and cash equivalents	38,467
Restricted cash	5,065
Prepaid and other assets	4,001
Right-of-use asset	1,465
Interest-rate cap	1,064
Mortgages payable	(114,640)
Notes payable	(70,529)
Accounts payable and other accrued liabilities	(21,826)
Accrued real estate taxes	(1,233)
Identifiable Net Assets Acquired	\$ 14,458

3. Summary of Significant Accounting Policies

Basis of Accounting

The accompanying consolidated financial statements are presented in accordance with U.S. generally accepted accounting principles ("GAAP"). GAAP requires management to make estimates and assumptions that affect the reported amounts of assets and liabilities and the disclosure of contingent liabilities at the dates of the consolidated financial statements and the amounts of revenues and expenses during the reporting periods. Actual amounts realized or paid could differ from those estimates. All significant intercompany accounts and transactions have been eliminated in consolidation.

The accompanying consolidated financial statements have been prepared according to the rules and regulations of the SEC.

In the opinion of management, all adjustments and eliminations necessary for the fair presentation of the Company's financial position as of December 31, 2025 and 2024, and results of operations for the years ended December 31, 2025 and 2024 have been included. Such adjustments are normal and recurring in nature.

Principles of Consolidation

The Company accounts for partnerships, joint ventures and other similar entities in which it holds an ownership interest in accordance with FASB ASC 810, Consolidation. The Company first evaluates whether each entity is a variable interest

entity (“VIE”). Under the VIE model, the Company consolidates an entity when it has control to direct the activities of the VIE and the obligation to absorb losses or the right to receive benefits that could potentially be significant to the VIE. Under the voting model, the Company consolidates an entity when it controls the entity through ownership of a majority voting interest.

The consolidated financial statements include the accounts of the Company and its subsidiaries, including the OP and its subsidiaries. The Company’s sole significant asset is its investment in the OP, and consequently, substantially all of the Company’s assets and liabilities represent those assets and liabilities of the OP.

Redeemable Noncontrolling Interests

Noncontrolling interests represent the ownership interests in the OP held by entities other than the Company. Those noncontrolling interests that the holder is allowed to redeem before liquidation or termination of the entity that issued those interests are considered redeemable noncontrolling interests.

The OP has issued redeemable noncontrolling interests classified on the Consolidated Balance Sheets as temporary equity in accordance with ASC 480. This is presented as “Redeemable noncontrolling interests in the OP” on the Consolidated Balance Sheets and their share of “Net Income (Loss)” as “Net Income (Loss) attributable to redeemable noncontrolling interests in the OP” in the accompanying Consolidated Statements of Operations.

The redeemable noncontrolling interests were initially measured at fair value. The redeemable noncontrolling interests will be adjusted to their redemption value if such value exceeds the carrying value of the redeemable noncontrolling interests. Capital contributions, distributions and profits and losses are allocated to the redeemable noncontrolling interests in accordance with the terms of the partnership agreements of the OP.

Reclassification of Prior Year Activity on the Consolidated Statement of Cash Flows

Certain reclassifications have been made within the consolidated statements of cash flows to proceeds from asset redemptions and proceeds from sale of investments for the year ended December 31, 2024 to be comparative to the Consolidated Statement of Cash Flows for the year ended December 31, 2025.

Income Taxes

I. U.S. REIT Status

The Company elected to be taxed as a REIT under Sections 856 through 860 of the Internal Revenue Code of 1986, as amended (the “Code”), and expects to continue to qualify as a REIT. To qualify as a REIT, the Company must meet a number of organizational and operational requirements, including a requirement to distribute annually at least 90% of its “REIT taxable income,” as defined by the Code, to its shareholders. As a REIT, the Company will be subject to federal income tax on its undistributed REIT taxable income and net capital gain and to a 4% nondeductible excise tax on any amount by which distributions it pays with respect to any calendar year are less than the sum of (1) 85% of its ordinary income, (2) 95% of its capital gain net income and (3) 100% of its undistributed income from prior years. The Company intends to operate in such a manner so as to qualify as a REIT, but no assurance can be given that the Company will operate in a manner so as to qualify as a REIT. Taxable income from certain non-REIT activities is managed through a TRS and is subject to applicable federal, state, and local income and margin taxes.

If the Company fails to meet these requirements, it could be subject to federal income tax on all of the Company’s taxable income at regular corporate rates for that year. The Company would not be able to deduct distributions paid to shareholders in any year in which it fails to qualify as a REIT. Additionally, the Company will also be disqualified from electing to be taxed as a REIT for the four taxable years following the year during which qualification was lost unless the Company is entitled to relief under specific statutory provisions. As of December 31, 2025, the Company believes it is in compliance with all applicable REIT requirements.

[Table of Contents](#)

As a REIT for U.S. federal income tax purposes, the Company may deduct earnings distributed to shareholders against the income generated by our REIT operations. The Company continues to be subject to income taxes on the income of its taxable REIT subsidiaries. A reconciliation of the deferred tax asset (liability) for the periods indicated is as follows (in thousands):

	As of December 31,							
	2025				2024			
	NHF TRS	NREO TRS	NHT TRSs	Combined	NHF TRS	NREO TRS	NHT TRSs	Combined
Deferred Tax Assets	\$ 13,913	\$ 583	\$ 5,050	\$ 19,546	\$ 14,942	\$ 290	\$ 6,561	\$ 21,793
Valuation Allowance	(11,486)	—	(5,050)	(16,536)	(10,487)	—	(6,535)	(17,022)
Deferred Tax Liability	—	(2,512)	—	(2,512)	—	(2,127)	(26)	(2,153)
Deferred Tax Asset (Liability), net of Valuation Allowance	\$ 2,427	\$ (1,929)	\$ —	\$ 498	\$ 4,455	\$ (1,837)	\$ —	\$ 2,618

The Company's tax provision for annual periods is determined using an estimate of its annual current and deferred effective tax rates, adjusted for discrete items. Our effective tax rates for the years ended December 31, 2025 and 2024 were 0.09% and (2.49%), respectively. Our effective tax rate differs from the U.S. federal statutory corporate tax rate of 21.0% primarily due to our REIT operations generally not being subject to federal income taxes.

The Company recognizes its tax positions and evaluates them using a two-step process. First, the Company determines whether a tax position is more-likely-than-not to be sustained upon examination, including resolution of any related appeals or litigation processes, based on the technical merits of the position. Second, the Company will determine the amount of benefit to recognize and record the amount that is more likely than not to be realized upon ultimate settlement.

The Company had no material unrecognized tax benefit or expense, accrued interest or penalties as of December 31, 2025 and 2024. The Company and its subsidiaries are subject to federal income tax as well as income tax of various state and local jurisdictions. The 2024, 2023 and 2022 tax years remain open to examination by tax jurisdictions to which the Company and its subsidiaries are subject. When applicable, the Company recognizes interest and/or penalties related to uncertain tax positions on its Consolidated Statement of Operations and Comprehensive Income (Loss). The Company has not recorded any uncertain tax positions for the years ended December 31, 2025 and 2024.

As further described in Note 3, the Company has elected to prospectively adopt the guidance in Accounting Standard Update ("ASU") No. 2023-09, Income Taxes (Topic 740) Improvements to Income Tax Disclosures, or ASU 2023-09. The following table is a reconciliation of the U.S. federal statutory income tax rate to the Company's effective rate in accordance with the guidance in ASU No. 2023-09 (in thousands, except percentages):

	December 31, 2025	%
Expected Tax at U.S federal statutory rate	\$ (26,701)	21.0%
Tax credits	—	0.0%
Nontaxable and nondeductible items		0.0%
Non-taxable REIT income	27,200	-21.4%
Income tax refund	(2,028)	1.6%
Cross-border tax laws	—	0.0%
Other reconciling items	(523)	0.4%
Changes in tax laws or rates enacted in the current period	—	0.0%
Changes in unrecognized tax benefits	2,120	-1.7%
State income taxes, net of federal effect	43	0.0%
	<u>\$ 111</u>	<u>-0.1%</u>

The following table presents income taxes paid, disaggregated by jurisdiction, for the periods presented (in thousands):

[Table of Contents](#)

	December 31, 2025
U.S. Federal (1)	\$ (529)
U.S. State	
California	3
Florida (1)	(118)
Texas	80
Total state	(35)
Foreign	—
Total income tax paid (refunded) (1)	\$ (564)

(1) Amounts reflect net cash taxes paid (refunded) during the period.

Net income tax expense (benefit), disaggregated by jurisdiction, is summarized in the following table (in thousands):

	December 31, 2025
Current tax expense (benefit)	
U.S. federal	\$ (1,751)
U.S. state	43
Foreign	—
Total current tax expense (benefit)	\$ (1,708)
Deferred tax expense (benefit)	
U.S. federal	\$ 1,597
U.S. state	—
Foreign	—
Total deferred tax expense (benefit)	\$ 1,597
Total income tax expense (benefit)	
U.S. federal	\$ (154)
U.S. state	43
Foreign	—
Total income tax expense (benefit)	\$ (111)

The following table is a reconciliation of the U.S. federal statutory income tax rate of 21% to the Company's effective rate for the year ended December 31, 2024 in accordance with the guidance prior to the adoption of ASU 2023-09. Income tax expense (benefit) for the years ended December 31, 2024 differed from the amount computed by applying the statutory U.S. federal income tax rate to income before income taxes as a result of the following (in thousands, except percentages):

	For the Year Ended December 31,	
	2024	
Expected tax at U.S. federal statutory income tax rate	\$ (11,592)	21.0%
Non-taxable REIT income	10,838	-19.6%
Change in valuation allowance	2,126	-3.9%
Total expense (benefit)	\$ 1,372	-2.5%

II. Canadian mutual fund status

Through April 17, 2025, NHT was a mutual fund trust pursuant to the Income Tax Act (Canada) (the "Tax Act"). Under the-then current tax legislation, a mutual fund trust that was not a specified investment flow-through trust ("SIFT") pursuant to the Tax Act generally was entitled to deduct distributions of taxable income such that it was not liable to pay Canadian income taxes provided that its taxable income was fully distributed to unitholders. On April 17, 2025, in connection with the merger of NHT into the Company, NHT ceased to exist as a separate entity and no longer qualified for mutual fund trust status. Accordingly, the mutual fund trust provisions described above are no longer applicable subsequent to the merger date.

Deferred Tax Assets

As of December 31, 2025 and 2024, significant components of the net deferred tax assets ("DTA") of the Company's TRSs were as follows (in thousands):

	Deferred Tax Asset as of December 31, 2025	Deferred Tax Asset as of December 31, 2024
Capital loss carryover from prior year	\$ 137	\$ 137
Net operating loss carryover from prior year	372	298
Net operating loss carryover to be utilized in current year	75	(145)
Unrealized tax loss on investments	18,962	21,503
Total deferred tax assets	19,546	21,793
Valuation allowance	(16,536)	(17,022)
Deferred tax liability	(2,512)	(2,153)
Net deferred tax asset	\$ 498	\$ 2,618

The Company may not offset tax assets or liabilities from one TRS with those of another TRS. NHF TRS, LLC, one of the Company's TRSs, is estimated to generate a net taxable capital loss of \$3.0 million for the year ended December 31, 2025 and generated a net taxable capital loss of \$7.9 million for the year ended December 31, 2024. The Company believes it is more likely than not that it will be able to harvest capital losses within this TRS during the three succeeding taxable years to be eligible for a capital loss carryback refund claim and has therefore not applied a valuation allowance to the extent of the expected future refund claim. As such, the Company has recorded a valuation allowance of \$11.5 million and \$10.5 million as of December 31, 2025 and 2024, respectively, against the Company's gross deferred tax assets to arrive at a net DTA of \$2.4 million and \$4.5 million as of December 31, 2025 and 2024, respectively, to reflect the expected tax benefit associated with the unrealized tax losses at this TRS. NREO TRS, LLC ("NREO TRS") has an estimated net operating loss balance of \$2.1 million as of December 31, 2025 that does not have an expiration date as well as an estimated \$0.7 million capital loss balance as of December 31, 2025 that will expire if not utilized by the end of 2026. The Company believes that it will be able to fully utilize the tax assets from NREO TRS and has not therefore applied a valuation allowance to the \$0.6 million DTA generated by this TRS. NREO TRS, one of the Company's TRSs, had an estimated net operating loss balance of 0.7 million as of December 31, 2024 that does not have an expiration date as well as an estimated \$0.7 million capital loss balance as of December 31, 2024, that will expire if not utilized within the succeeding four taxable years.

Cash, Cash Equivalents and Restricted Cash

The Company considers all highly liquid investments purchased with an original maturity of six months or less to be cash equivalents. Cash and cash equivalents are stated at cost, which approximates fair value. Substantially all amounts on deposit with major financial institutions exceed insured limits. Restricted cash represents cash deposited in accounts related to security deposits, property taxes, insurance premiums and deductibles and other lender-required escrows. Amounts deposited in the reserve accounts associated with the loans can only be used as provided for in the respective loan agreements, and security deposits held pursuant to lease agreements are required to be segregated.

Income Recognition

Rental Income – The Company has made several investments in direct real estate. The primary operations of these direct real estate investments consist of rental income earned from its tenants under lease agreements. Rental income is recognized on the straight-line method over the related terms of the leases. Tenant and resident reimbursements and other income consist of charges billed to tenants for utilities, administrative, application and other fees and are recognized when earned which is included in rental income in the accompanying Consolidated Statements of Operations and Comprehensive Income (Loss).

Interest Income – Debt investments where the Company expects to collect the contractual interest and principal payments are considered to be performing. The Company recognizes income on performing debt investments in accordance with the terms of the investment on an accrual basis. Interest income also includes amortization of loan premiums or discounts and loan origination costs and prepayment penalties.

Dividend Income – Dividends and other corporate actions are recorded on the ex-dividend date except for certain foreign corporate actions, which are recorded as soon after ex-dividend date as such information becomes available and is verified.

Realized Gain (Loss) on Investments - The Company recognizes the excess, or deficiency, of net proceeds received, less the carrying value of such investments, as realized gains or losses, respectively. The Company reverses cumulative, unrealized gains or losses previously reported in its Consolidated Statement of Operations and Comprehensive Income (Loss) with respect to the investment sold at the time of the sale.

Unrealized Gain (Loss) on Investments – Unrealized gains and losses represent changes in fair value for equity method investments, CLO equity investments, bonds, common stock, convertible notes, LLC interests, LP interests, rights and warrants, and senior loans for which the fair value option has been elected.

Hotel Revenue Recognition

Rooms revenue is recognized over the length of a customer's hotel stay.

Food and beverage ("F&B") revenue generally consists of goods and ancillary service charges the customer separately chooses to purchase and are recognized generally when the goods or services are provided to the customer.

Expense Recognition

Interest expense - Interest expense in accordance with the Company's financing agreements, is recorded on the accrual basis.

Property operating expenses - Property operating expenses include property maintenance costs, salary and employee benefit costs, utilities, casualty-related expenses and recoveries and other property operating costs.

Property management fees - Property management fees include fees paid to NexVest, our property manager, for managing each property directly or indirectly owned by us (see Note 13 to our consolidated financial statements) and other property managers for managing the day-to-day operations of our hotels.

Real estate taxes and insurance - Real estate taxes include the property taxes assessed by local and state authorities depending on the location of each property. Insurance includes the cost of commercial, general liability, and other needed insurance for each property.

Advisory and administrative fees - Advisory and administrative fees include the fees paid to our Adviser pursuant to the Advisory Agreement (see Note 13).

Property general and administrative expense - Property general and administrative expenses include the costs of marketing, professional fees, general office supplies, and other administrative related costs of each property.

Corporate general and administrative expenses - Corporate general and administrative expenses include, but are not limited to, audit fees, legal fees, listing fees, board of trustee fees, equity-based compensation expense, investor relations costs and payments of reimbursements to our Adviser for operating expenses. Additionally, in the sole discretion of the Adviser, the Adviser may elect to waive certain advisory and administrative fees otherwise due. If advisory and administrative fees are waived in a period, the waived fees for that period are considered to be waived permanently and the Adviser may not be reimbursed in the future.

Depreciation and amortization - Depreciation and amortization costs primarily include depreciation of our properties and amortization of leases or expenses.

Investments

The Company holds investments in publicly traded companies and privately held entities primarily involved in the life science, multifamily, self-storage, single-family rental, mortgage lending, and hospitality industries. Each investment is evaluated to determine whether the Company has the ability to exercise significant influence, but not control, over an investee. Investments are evaluated in which Company ownership is equal to or greater than 20%, but less than or equal to 50%, of an investee's voting stock with a presumption that the Company has this ability. For our investments in limited partnerships and functional equivalents that maintain specific ownership accounts, we presume that such ability exists when our ownership interest exceeds 3% to 5%. In addition to the Company's ownership interest, the Company also considers whether it has a board seat or whether it participates in the policy-making process, among other criteria, to determine if we have an ability to exert significant influence, but not control, over an investee. If we determine that we have such ability, but we do not control, we account for the investment under the equity method of accounting, as described below.

Investments that qualify for the equity method of accounting – Under the equity method of accounting, the Company initially recognizes its investment at cost and subsequently adjusts the carrying amount of the investments for its share of earnings and losses reported by the investee, distributions received, and other-than-temporary impairments. The Company has elected the fair value option for several of its investments that would otherwise be accounted for under the equity method. Distributions from these investments are accounted for as Interest and Dividend income and mark-to-market gains and losses are included in Change in Unrealized Gains/(Losses) on the consolidated Statement of Operations and Comprehensive Income (Loss). For more information about the Company's investments accounted for under the equity method, refer to Note 8 – Equity Method Investments. The Company has elected for certain of the equity method investments to be measured using fair value. Summarized financial information for significant equity method investments, as determined in accordance with Rule 8-03(b)(3) of Regulation S-X, for which results are not available on a timely basis, are reported on a three-month lag.

Investments that do not qualify for the equity method of accounting – For investees over which we determine that we do not have the ability to exercise significant influence or control, we account for each investment depending on whether it is an investment in a (i) publicly traded company, (ii) privately held entity that reports net asset value (“NAV”) per share, or (iii) privately held entity that does not report NAV per share, as described below.

Investments in publicly traded companies – Our investments in publicly traded companies are classified as investments with readily determinable fair values and are presented at fair value in our Consolidated Balance Sheets, with changes in fair value classified in change in unrealized gain (loss) in our Consolidated Statement of Operations and Comprehensive Income (Loss). The fair values of our investments in publicly traded companies are determined based on sales prices or quotes available on securities exchanges.

Investments in privately held companies – Our investments in privately held entities without readily determinable fair values consist of (i) investments in privately held entities that report NAV per share and (ii) investments in privately held entities that do not report NAV per share. These investments are accounted for as follows:

Investments in privately held entities that report NAV per share – Investments in privately held entities that elect the fair value option that report NAV per share, such as our privately held investments in limited partnerships, are presented at fair value using NAV, with changes in fair value recognized in net income. We use NAV per share reported by limited partnerships generally without adjustment, unless we are aware of information indicating that the NAV reported by a limited partnership does not accurately reflect the fair value of the investment at our reporting date.

Investments in privately held entities that do not report NAV per share – Investments in privately held entities that do not report NAV per share are accounted for using a valuation technique described further in Note 9 - Fair Value of Financial Instruments.

Impairment evaluation of equity method investments – We monitor equity method investments not reported at fair value for indicators that a decrease in the value of the investment has occurred that is other than temporary. If such indicators are present, we are required to estimate the investment's fair value and immediately recognize an impairment charge in an amount equal to the investment's carrying value in excess of its estimated fair value.

Fair Value Measurements

Fair value measurements are determined based on the assumptions that market participants would use in pricing an asset or liability. As a basis for considering market participant assumptions in fair value measurements, FASB ASC 820, *Fair Value Measurement and Disclosures* establishes a fair value hierarchy that distinguishes between market participant assumptions based on market data obtained from sources independent of the reporting entity (observable inputs that are classified within Levels 1 and 2 of the hierarchy) and the reporting entity's own assumptions about market participant assumptions (unobservable inputs classified within Level 3 of the hierarchy):

- Level 1 inputs utilize quoted prices (unadjusted) in active markets for identical assets or liabilities that the Company has the ability to access.
- Level 2 inputs are inputs other than quoted prices included in Level 1 that are observable for the asset or liability, either directly or indirectly. Level 2 inputs may include quoted prices for similar assets and liabilities in active markets, as well as inputs that are observable for the asset or liability (other than quoted prices), such as interest rates and yield curves that are observable at commonly quoted intervals.
- Level 3 inputs are the unobservable inputs for the asset or liability, which are typically based on an entity's own assumption, as there is little, if any, related market activity. In instances where the determination of the fair value measurement is based on input from different levels of the fair value hierarchy, the level in the fair value hierarchy within which the entire fair value measurement falls is based on the lowest level input that is significant to the fair value measurement in its entirety.

The Company's assessment of the significance of a particular input to the fair value measurement in its entirety requires judgment and considers factors specific to the asset or liability. The Company utilizes independent third parties to perform the allocation of value analysis for each property acquisition and to perform the market valuations on its derivative financial instruments and has established policies, as described above, processes and procedures intended to ensure that the valuation methodologies for investments and derivative financial instruments are fair and consistent as of the measurement date.

Valuation of Investments

As of December 31, 2025 and 2024, the Company's fair valued investments consisted of senior loans, corporate bonds, collateralized loan obligations ("CLOs"), convertible notes, common stocks, rights, warrants, LP interests and LLC interests. The fair value of the Company's senior loans, bonds, and CLOs are generally based on quotes received from brokers or independent pricing services. Senior loans, bonds, and CLOs with quotes that are based on actual trades with a sufficient level of activity on or near the measurement date are classified as Level 2 assets. Senior loans, bonds, and CLOs that are priced using quotes derived from implied values, indicative bids, or a limited number of actual trades are classified as Level 3 assets because the inputs used by the brokers and pricing services to derive the values are not readily observable. The Company has elected for certain of the equity method investments to be measured using fair value. The Company has elected for all debt instruments to be measured using fair value.

The fair value of the Company's common stocks, rights, and warrants that are not actively traded on national exchanges are generally priced using quotes derived from implied values, indicative bids, or a limited amount of actual trades and are classified as Level 3 assets because the inputs used by the brokers and pricing services to derive the values are not readily observable. At the end of each calendar quarter, the Adviser evaluates the Level 2 and 3 assets and liabilities for changes in liquidity, including but not limited to: whether a broker is willing to execute at the quoted price, the depth and consistency of prices from third party services, and the existence of contemporaneous, observable trades in the market. Additionally, the Adviser evaluates the Level 1 and 2 assets and liabilities on a quarterly basis for changes in listings or delistings on national exchanges. Due to the inherent uncertainty of determining the fair value of investments that do not have a readily available market value, the fair value of the Company's investments may fluctuate from period to period. Additionally, the fair value of investments may differ significantly from the values that would have been used had a ready market existed for such investments and may differ materially from the values the Company may ultimately realize. Further, such investments may be subject to legal and other restrictions on resale or otherwise be less liquid than publicly traded securities.

The fair value of the Company's investments in common stock, exchange-traded funds, other registered investment companies and warrants that are not actively traded on national exchanges are generally priced using quotes derived from implied values, indicative bids, or a limited amount of actual trades and are classified as Level 3 assets because the inputs used by the brokers and pricing services to derive the values are not readily observable. The Company's real estate investments include equity interests in limited liability companies and equity issued by REITs that invest in commercial real estate. The fair value of real estate investments that are not actively traded on national exchanges are based on internal models developed by the Adviser. The significant inputs to the models include cash flow projections for the underlying properties, capitalization rates and appraisals performed by independent valuation firms. These inputs are not readily observable, and the Company has classified the investments as Level 3 assets. Exchange-traded options are valued based on the last trade price on the primary exchange on which they trade. If an option does not trade, the mid-price, which is the mean of the bid and ask price, is utilized to value the option.

The fair value of the Company's convertible notes are categorized as Level 3 assets in the fair value hierarchy. Convertible notes are valued using a discounted cash flow model using discount rates derived from observable market data applied to the internal rate of return implied by the expected contractual cash flows.

Distributions from equity method investments

We use the "nature of the distribution" approach to determine the classification within our consolidated statements of cash flows of cash distributions received from equity method investments, including our unconsolidated real estate joint ventures and equity method non-real estate investments. Under this approach, distributions are classified based on the nature of the underlying activity that generated the cash distributions. Under the cumulative earnings approach, distributions up to the amount of cumulative equity in earnings recognized are classified as cash inflows from operating activities, and those in excess of that amount are classified as cash inflows from investing activities.

Leases

The Company's leasing activities are accounted for under ASC 842, *Leases*, if an identified contract is, or contains, a lease.

Lessors classify leases as either sales-type, direct financing or operating leases. A lease is classified as a sales-type lease if at least one of the following criteria is met: (1) the lease transfers ownership of the underlying asset to the lessee, (2) the lease grants the lessee an option to purchase the underlying asset that the lessee is reasonably certain to exercise, (3) the lease term is for a major part of the remaining economic life of the underlying asset, (4) the present value of the sum of the lease payments equals or exceeds substantially all of the fair value of the underlying assets, or (5) the underlying asset is of such a specialized nature that it is expected to have no alternative use to the lessor at the end of the lease term. If none of the above criteria is met, a lease is classified as a direct financing lease if both of the following criteria are met: (1) the present value of the of the sum of the lease payments and any residual value guaranteed by the lessee that is not already reflected in

[Table of Contents](#)

the lease payments equals or exceeds substantially all of the underlying asset's fair value and (2) it is probable that the lessor will collect the lease payments plus any amount necessary to satisfy a residual value guarantee. A lease is classified as an operating lease if it does not qualify as a sales-type or direct financing lease. All of the leasing arrangements where the Company is the lessor are classified as operating leases.

Lessees classify leases as either finance or operating leases. A lease is classified as a finance lease if at least one of the following criteria is met: (1) the lease transfers ownership of the underlying asset to the lessee, (2) the lease grants the lessee an option to purchase the underlying asset that the lessee is reasonably certain to exercise, (3) the lease term is for a major part of the remaining economic life of the underlying asset, (4) the present value of the sum of the lease payments equals or exceeds substantially all of the fair value of the underlying asset, or (5) the underlying asset is of such a specialized nature that it is expected to have no alternative use to the lessor at the end of the lease term. A lease is classified as an operating lease if none of the five criteria described above for finance lease classification is met. The Company has one finance lease related to the Bradenton Hampton Inn & Suites, and one operating lease related to HUB Research Triangle Park, which are included in "Right-of-use assets" on the Consolidated Balance Sheets.

Purchase Price Allocation

Upon acquisition of a property considered to be an asset acquisition, the purchase price and related acquisition costs ("total consideration") are allocated to land, buildings, improvements, furniture, fixtures, and equipment, and intangible lease assets and liabilities in accordance with FASB ASC 805, *Business Combinations*.

The allocation of total consideration, which is determined using inputs that are classified within Level 3 of the fair value hierarchy established by FASB ASC 820, *Fair Value Measurement and Disclosures* ("ASC 820") (see Note 9), is based on management's estimate of the property's "as-if" vacant fair value and is calculated by using all available information such as the replacement cost of such asset, appraisals, property condition reports, market data and other related information. If any debt is assumed in an acquisition, the difference between the fair value, which is estimated using inputs that are classified within Level 2 of the fair value hierarchy, and the face value of debt is recorded as a premium or discount and amortized as interest expense over the life of the debt assumed.

Operating Real Estate Investments

Real estate assets, including land, buildings, improvements, furniture, fixtures and equipment, and intangible lease assets are stated at historical cost less accumulated depreciation and amortization. Costs incurred in making repairs and maintaining real estate assets are expensed as incurred. Expenditures for improvements, renovations, and replacements are capitalized at cost. Real estate-related depreciation and amortization are computed on a straight-line basis generally over the estimated useful lives as described in the following table:

	Years
Land	Not depreciated
Buildings	30 - 40
Improvements	3 - 20
Furniture, fixtures, and equipment	3 - 7
Intangible lease assets and liabilities	Over lease term

Construction in progress includes the cost of renovation projects being performed at the various properties. Once a project is complete, the historical cost of the renovation is placed into service in one of the categories above depending on the type of renovation project and is depreciated over the estimated useful lives as described in the table above.

Impairment

Real estate assets held and used are reviewed for impairment whenever events or changes in circumstances indicate that the carrying amount of an asset may not be recoverable. The key inputs into our impairment analysis include, but are not limited to, the holding period, net operating income, and capitalization rates. In such cases, we will evaluate the recoverability of such real estate assets based on estimated future cash flows and the estimated liquidation value of such real estate assets, and provide for impairment if such undiscounted cash flows are insufficient to recover the carrying amount of the real estate asset. If impaired, the real estate asset will be written down to its estimated fair value. The Company's impairment analysis identifies and evaluates events or changes in circumstances that indicate the carrying amount of a real estate investment may not be recoverable, including determining the period the Company will hold the rental property, net operating income, and the estimated capitalization rate for each respective real estate investment. For the years ended December 31, 2025 and 2024, the Company recorded approximately \$0.6 million and \$5.2 million, respectively, of impairment loss on real estate held and used, which is included in impairment loss on the Consolidated Statements of Operations and Comprehensive Income (Loss).

Held for Sale

The Company periodically classifies real estate assets as held for sale when certain criteria are met in accordance with GAAP. At that time, the Company presents the net real estate assets and the liabilities associated with the real estate held for sale separately in its consolidated balance sheet, and the Company ceases recording depreciation and amortization expense related to that property. Real estate held for sale is reported at the lower of its carrying amount or its estimated fair value less estimated costs to sell. As of December 31, 2025 and 2024, there were zero and three properties classified as held for sale, respectively. In addition to the net real estate assets, the Consolidated Balance Sheets also include approximately \$0 million and \$0.1 million of accounts receivable and prepaid and other assets, and approximately \$0 million and \$0.8 million of accounts payable, real estate taxes payable, security deposits, prepaid rents, and other accrued liabilities related to assets held for sale as of December 31, 2025 and 2024, respectively. For the years ended December 31, 2025 and 2024, the Company recorded approximately \$1.8 million and \$1.9 million, respectively, of losses on real estate held for sale, which are included in impairment loss on the Consolidated Statements of Operations and Comprehensive Income (Loss).

Segment Reporting

In 2024, we adopted ASU 2023-07, Segment Reporting – Improvements to Reportable Segment Disclosures (“ASU 2023-07”), which requires a public entity to disclose significant segment expenses and other segment items in interim and annual periods and expands the GAAP disclosure requirements for interim periods. The ASU 2023-07 also explicitly requires public entities with a single reportable segment to provide all segment disclosures under GAAP. The Company identifies and discloses its reporting segment(s) in accordance with ASC 280, Segment Reporting. In applying this guidance, the Company first identifies its operating segment(s) from the component(s) where: (1) it engages in business activities from which it may recognize revenue and incur expenses, (2) its operating results are regularly reviewed by the chief operating decision maker to make decisions about resources to be allocated to the segment and assess its performance, and (3) its discrete financial information is available. Reportable segments are generally those operating segments that meet certain quantitative thresholds. The Company has determined it has two reportable segments: Diversified and Hospitality.

Recent Accounting Pronouncements

In December 2023, the FASB issued ASU 2023-09, *Improvements to Income Tax Disclosures* (“ASU-2023-09”), which introduced enhancements to income tax disclosures. The Company adopted this new standard beginning with the 2025 annual reporting, which did not have a material impact on its consolidated financial statements.

In November 2024, the FASB issued ASU 2024-03, *Disaggregation of Income Statement Expenses* (“ASU 2024-03”). ASU 2024-03 requires disclosures of disaggregated information about certain income statement expense line items on an annual and interim basis. The amendments are effective for fiscal years beginning after December 15, 2026, with early adoption permitted, and should be applied prospectively, with the option to apply retrospectively. The Company is currently evaluating the impact of adopting the amendments on its disclosures.

4. Investments in Real Estate Subsidiaries

The Company conducts its operations through the OP which owns several real estate properties through single asset limited liability companies that are special purpose entities (“SPEs”). The Company consolidates the SPEs that it controls as well as any VIEs where it is the primary beneficiary. All of the properties the SPEs own are consolidated in the Company’s consolidated financial statements. The assets of each entity can only be used to settle obligations of that particular entity, and the creditors of each entity have no recourse to the assets of other entities or the Company.

As of December 31, 2025, the Company, through the OP, owned eight properties through SPEs, including four in the Diversified segment, and four in the Hospitality segment. The following table represents the Company’s ownership in each property by virtue of its consolidation of the SPEs that directly own the title to each property as of December 31, 2025 and 2024:

Property Name	Location	Year Acquired	Effective Ownership Percentage at	
			December 31, 2025	December 31, 2024
White Rock Center	Dallas, Texas	2013	100%	100%
5916 W Loop 289	Lubbock, Texas	2013	100%	100%
Cityplace	Dallas, Texas	2018	100%	100%
NexPoint Dominion Land, LLC	(1) Plano, Texas	2022	100%	100%
Dallas Hilton Garden Inn	Dallas, Texas	2014 (2)	100%(3)	54%
Addison Property	Addison, Texas	2017 (2)	0%(3) (4)	54%
Plano Homewood Suites	Plano, Texas	2017 (2)	0%(3) (4)	54%
Las Colinas Homewood Suites	Las Colinas, Texas	2017 (2)	0%(3) (4)	54%
St. Petersburg Marriott	St. Petersburg, Florida	2018 (2)	100%(3)	54%
Hyatt Place Park City	Park City, Utah	2022 (2)	100%(3)	54%
Bradenton Hampton Inn & Suites	Bradenton, Florida	2022 (2)	100%(3)	54%

(1) NexPoint Dominion Land, LLC owns 100% of 21.5 acres of undeveloped land in Plano, Texas.

(2) Reflects the date NHT or its predecessor acquired the property.

(3) The Company owns 100% of the properties, and as of December 31, 2024, the Company owned approximately 54% of NHT.

(4) Property was sold during the year ended December 31, 2025.

5. Consolidated Real Estate Investments

As of December 31, 2025, the major components of the Company's investments in real estate held by SPEs the Company consolidates, which are included in "Consolidated Real Estate Investments" on the Consolidated Balance Sheet, were as follows (in thousands):

Real Estate Investments	Land	Buildings and Improvements	Intangible Lease Assets	Intangible Lease Liabilities	Right of use assets	Construction in Progress	Furniture, Fixtures, and Equipment	Totals
White Rock Center	\$ 1,315	\$ 10,672	\$ 1,921	\$ (101)	\$ —	\$ —	\$ 13	\$ 13,820
5916 W Loop 289	851	2,594	—	—	—	—	—	3,445
Cityplace	18,812	195,416	9,058	(6,669)	—	19,239	379	236,235
NexPoint Dominion Land, LLC	26,500	—	—	—	—	—	—	26,500
Dallas Hilton Garden Inn	4,116	24,838	—	—	—	74	1,587	30,615
St. Petersburg Marriott	5,829	37,879	—	—	—	731	2,307	46,746
Hyatt Place Park City	3,737	20,327	—	—	—	876	3,166	28,106
Bradenton Hampton Inn & Suites	837	25,669	—	—	1,464	317	2,904	31,191
HUB Research Triangle Park	—	—	—	—	534	—	—	534
	61,997	317,395	10,979	(6,770)	1,998	21,237	10,356	417,192
Accumulated depreciation and amortization	—	(37,837)	(9,215)	4,705	(68)	—	(2,908)	(45,323)
Total Operating Properties	\$ 61,997	\$ 279,558	\$ 1,764	\$ (2,065)	\$ 1,930	\$ 21,237	\$ 7,448	\$ 371,869

[Table of Contents](#)

As of December 31, 2024, the major components of the Company's investments in real estate held by SPEs the Company consolidates, which are included in "Consolidated Real Estate Investments" on the Consolidated Balance Sheet, were as follows (in thousands):

Real Estate Investments	Land	Buildings and Improvements	Intangible Lease Assets	Intangible Lease Liabilities	Right of use assets	Construction in Progress	Furniture, Fixtures, and Equipment	Totals
White Rock Center	\$ 1,315	\$ 10,568	\$ 1,921	\$ (101)	\$ —	\$ —	\$ 13	\$ 13,716
5916 W Loop 289	1,081	2,938	—	—	—	—	—	4,019
Cityplace	18,812	195,408	9,058	(6,669)	—	19,053	356	236,018
NexPoint Dominion Land, LLC	26,500	—	—	—	—	—	—	26,500
Dallas Hilton Garden Inn	4,116	24,631	—	—	—	96	1,475	30,318
St. Petersburg Marriott	5,829	33,715	—	—	—	3,951	2,301	45,796
Hyatt Place Park City	3,737	19,876	—	—	—	877	3,146	27,636
Bradenton Hampton Inn & Suites	837	25,064	—	—	1,465	712	2,833	30,911
HUB Research Triangle Park	—	—	—	—	711	—	—	711
	62,227	312,200	10,979	(6,770)	2,176	24,689	10,124	415,625
Accumulated depreciation and amortization	—	(25,230)	(8,353)	3,631	(29)	—	(1,390)	(31,371)
Total Operating Properties	<u>\$ 62,227</u>	<u>\$ 286,970</u>	<u>\$ 2,626</u>	<u>\$ (3,139)</u>	<u>\$ 2,147</u>	<u>\$ 24,689</u>	<u>\$ 8,734</u>	<u>\$ 384,254</u>
Held for Sale Properties								
Plano Homewood Suites	\$ 2,106	\$ 5,394	\$ —	\$ —	\$ —	\$ 28	\$ 738	8,266
Las Colinas Homewood Suites	2,292	10,153	—	—	—	313	1,004	13,762
Addison Property	2,351	4,577	—	—	—	518	804	8,250
Accumulated depreciation and amortization	—	(218)	—	—	—	—	(170)	(388)
Total Held for Sale Properties	<u>\$ 6,749</u>	<u>\$ 19,906</u>	<u>\$ —</u>	<u>\$ —</u>	<u>\$ —</u>	<u>\$ 859</u>	<u>\$ 2,376</u>	<u>\$ 29,890</u>

Depreciation expense was \$14.1 million for the year ended December 31, 2025 and \$13.6 million for the year ended December 31, 2024. Amortization expense related to the Company's intangible lease assets was \$0.9 million for the year ended December 31, 2025 and \$1.6 million for the year ended December 31, 2024. Amortization expense related to the Company's intangible lease liabilities was \$1.1 million for the year ended December 31, 2025 and \$1.4 million for the year ended December 31, 2024. The net amount amortized as an increase to rental revenue for capitalized above and below-market lease intangibles was \$1.0 million for the year ended December 31, 2025 and \$1.0 million for the year ended December 31, 2024.

Acquisitions

There were no acquisitions by the Company for the year ended December 31, 2025. During the year ended December 31, 2024, as a result of the NHT Acquisition, the Company consolidated the following properties: Dallas Hilton Garden Inn, Addison Property, Plano HomeWood Suites, Las Colinas HomeWood Suites, St. Petersburg Marriott, Hyatt Place Park City, Bradenton Hampton Inn & Suites.

Dispositions

The Company sold three properties for the year ended December 31, 2025 as detailed in the table below (in thousands). The Company did not sell any properties during the year ended December 31, 2024.

Property Name	Location	Date of Sale	Sales Price	Net Cash Proceeds	Gain (Loss) on Sale of Real Estate
Plano HomeWood Suites	Plano, Texas	1/24/2025	\$ 8,300	\$ 8,154	\$ 11
Addison Property	Addison, Texas	4/18/2025	\$ 6,400	\$ 6,308	\$ (88)
Las Colinas HomeWood Suites	Las Colinas, Texas	4/8/2025	\$ 14,000	\$ 13,844	\$ 114

6. Debt

The following table contains summary information of the Company's debt as of December 31, 2025 and 2024 (dollars in thousands):

Description	Type	Outstanding principal as of December 31, 2025	Outstanding principal as of December 31, 2024	Interest Rate	Maturity Date (7)
Mortgages Payable					
Cityplace Note A-1	(1) Floating	\$ 97,755	\$ 99,435	6.15%	3/8/2026
Cityplace Note A-2	(1) Floating	12,306	12,517	6.15%	3/8/2026
Cityplace Note B-1	(1) Floating	21,384	21,751	10.15%	3/8/2026
Cityplace Note B-2	(1) Floating	2,692	2,738	10.15%	3/8/2026
Cityplace Mezz Note-1	(1) Floating	3,055	3,107	10.15%	3/8/2026
Cityplace Mezz Note-2	(1) Floating	385	391	10.15%	3/8/2026
NHT - Note A	(2) Floating	26,381	50,188	6.15%	2/8/2026
NHT - Note B	(2) Floating	12,702	24,165	10.61%	2/8/2026
NHT - PC & B Loan	(3) Floating	38,580	37,875	8.85%	2/5/2026
White Rock Center Note	(4) Fixed	10,000	10,000	10.00%	8/2/2029
Notes Payable					
Dominion Note	Floating	13,250	13,250	6.75%	8/8/2026
Raymond James Loan	Floating	—	11,000		
NexBank Revolver	(5) Floating	10,994	16,485	7.75%	5/21/2026
Convertible Notes Due to Affiliates	Fixed	58,111	57,986	2.25% - 7.50%	2/14/2027 - 9/30/2042
Promissory Notes Due to Affiliates	Fixed	817	—	7.33%	4/17/2027
Prime Brokerage Borrowing					
Jefferies Line of Credit	Floating	5,136	1,222	4.14%	N/A (8)
Total Debt		<u>\$ 313,548</u>	<u>\$ 362,110</u>		
Fair market value adjustment, net of accumulated amortization	(6)	(6,222)	(7,740)		
Deferred financing costs		(303)	(315)		
		<u>\$ 307,023</u>	<u>\$ 354,055</u>		

(1) This debt is secured by the following property: Cityplace.

(2) This debt is secured by the following properties: HGI Property and the St. Pete Property.

(3) This debt is secured by the following properties: Park City and Bradenton.

(4) This debt is secured by the following property: White Rock Center.

(5) This debt is secured by the following property and investments: 5916 W Loop 289 and IQHQ, LP ("IQHQ LP").

(6) The Company recorded a valuation adjustment of the Convertible Notes Due to Affiliates upon the consolidation of NHT to adjust for the difference between the fair value and the outstanding principal amount of the debt. The difference is amortized into interest expense.

(7) See Note 18 for additional information regarding the maturity date of the loans.

(8) This debt balance has no stated maturity date.

Cityplace Debt

The Company has debt on Cityplace pursuant to a Loan Agreement, originally dated August 15, 2018 and subsequently amended (the “Loan Agreement”). The debt is limited recourse to the Company and encumbers the property. On April 15, 2025, the lender agreed to defer the maturity of Cityplace debt by twelve months to March 8, 2026. Effective as of March 8, 2026, the lender agreed to defer the maturity to May 8, 2026. Management is currently engaged in discussions with the lender regarding the extension of the maturity date of the Cityplace debt. Management can give no assurance that the lender will agree to such an extension.

Management recognizes that finding an alternative source of funding is necessary to repay the debt by the maturity date. Management is evaluating multiple options to fund the repayment of the \$137.6 million principal balance outstanding as of December 31, 2025, including refinancing the debt, securing additional equity or debt financing, selling a portion of the portfolio, or any combination thereof. Should management be unable to complete any of these options, management has the contractual right to surrender the property to the lender in lieu of repayment. If the Company were to surrender the property to the lender, management believes that its remaining liquidity is sufficient for it to satisfy its remaining obligations for a period of one year from the date these financial statements are issued.

The weighted average interest rate of the Company’s debt related to its Cityplace investment was 6.95% as of December 31, 2025 and 7.65% as of December 31, 2024. The one-month SOFR was 3.79% as of December 31, 2025 and 4.33% as of December 31, 2024.

The Loan Agreement contains customary events of default, including defaults in the payment of principal or interest, defaults in compliance with the covenants contained in the documents evidencing the loan, defaults in payments under any other security instrument covering any part of the property, whether junior or senior to the loan, and bankruptcy or other insolvency events. As of December 31, 2025, the Company believes it is in compliance with all such covenants.

White Rock Center Debt

On August 2, 2024, the Company, through Freedom LHV, LLC (“Freedom LHV”), an indirect subsidiary of the Company, borrowed approximately \$10.0 million from The Ohio State Life Insurance Company (“OSL”). The note bears interest at an annual fixed rate of 10.0% and matures on August 2, 2029. The debt is secured by certain real property held by Freedom LHV and is guaranteed by the Company.

Dominion Note

On August 9, 2022, the Company borrowed approximately \$13.3 million from the seller, Gabriel Legacy, LLC to finance its acquisition of 21.5 acres of land in Plano, Texas held through NexPoint Dominion Land, LLC, a wholly owned subsidiary of the OP. The note (the “Dominion Note”) bears interest at an annual rate equal to the WSJ Prime Rate and initially matured on August 8, 2025, with two one-year extension options. On August 8, 2025, the Company elected to use one of the one-year extensions under the Dominion Note to extend the maturity date to August 8, 2026. One additional one-year extension option remains available under the terms of the Dominion Note.

Mortgages Payable, Hospitality

On February 28, 2019, a subsidiary of the Company, entered into a borrowing arrangement for a \$59.4 million Note A loan (the “Note A Loan”) and a \$28.6 million Note B loan (the “Note B Loan”) with ACORE Capital Mortgage, LP (“ACORE”). The Note A Loan and Note B Loan are secured by the HGI Property and the St. Pete Property. The Note A Loan bears interest at a variable rate equal to the 30-day SOFR plus 2.00% and was set to mature on February 8, 2026. The Note B Loan bears interest at a variable rate equal to the 30-day SOFR plus 6.46% and was set to mature on February 8, 2026. See Note 18 for a discussion of the extension of the maturity dates of the Note A Loan and Note B Loan. Management recognizes that finding an alternative source of funding is necessary to repay the debt by the maturity date. Should management be unable to complete any of these options, management has the contractual right to surrender the property to

the lender in lieu of repayment. If the Company were to surrender the property to the lender, management believes that its remaining liquidity is sufficient for it to satisfy its remaining obligations for a period of one year from the date these financial statements are issued. The Note A Loan and Note B Loan principal amounts reflected their fair values on the date of the NHT Acquisition. As of December 31, 2025, the Note A Loan and the Note B Loan had an outstanding balance of \$26.4 million and \$12.7 million and effective interest rates of 6.15% and 10.61%, respectively. For the year ended December 31, 2025, NHT paid \$2.2 million and \$1.8 million in interest on the Note A Loan and the Note B Loan, respectively.

On February 15, 2022, in connection with the acquisition of the Park City and Bradenton properties, the Company, through its subsidiaries entered into a borrowing arrangement for a \$39.3 million loan (the "PC & B Loan") with AREEIF Lender, LLC. Management recognizes that finding an alternative source of funding is necessary to repay the debt by the maturity date. Should management be unable to complete any of these options, management has the contractual right to surrender the property to the lender in lieu of repayment. If the Company were to surrender the property to the lender, management believes that its remaining liquidity is sufficient for it to satisfy its remaining obligations for a period of one year from the date these financial statements are issued. The outstanding balance on the PC & B Loan as of December 31, 2025 was \$38.6 million, with \$0.7 million available to draw on for renovation purposes as of December 31, 2025. See Note 18 for a discussion of the extinguishment of the PC & B Loan.

The loan documents, including the guaranty, for the PC & B Loan and the Note A Loan and Note B Loan contain customary representations, warranties, and events of default, which require a subsidiary of the Company to comply with affirmative and negative covenants. As of December 31, 2025, the Company is in compliance with all debt covenants.

Notes Payable, Hospitality

NHT and certain of its subsidiaries also entered into several convertible notes with affiliates of the NHT Adviser since January 8, 2019. On April 17, 2025, the notes were amended and restated in connection with the closing of the NHT Merger and the obligations thereunder were assumed by NXDT Hospitality Holdco, LLC ("Hospitality Holdco"), a wholly-owned subsidiary of the Company. The fixed rate notes have rates ranging from 2.25% to 7.50% (which were market interest rates at the time of their issuance) while outstanding and mature between February 14, 2027 and September 30, 2042. For \$0.1 million of the notes, the principal and interest is convertible into membership interest units of Hospitality Holdco (the "Hospitality Holdco Units") at the fair market price of the Hospitality Holdco Units at the time of conversion any time during the term of the note. For \$44.2 million of the notes, the principal of the notes is convertible into Hospitality Holdco Units, at prices ranging from \$1.44 to \$2.50 for a period of five years from its date of issuance (with the expiration of conversion rights ranging from June 25, 2026 to September 30, 2027). One note issued to Highland Global Allocation Fund in the amount of \$8.5 million, and two notes issued to Highland Opportunities and Income Fund in the aggregate amount of \$5.2 million are not convertible into Hospitality Holdco Units. The relative fair value of the convertible notes did not reflect the outstanding principal on the date of the NHT Acquisition. The difference between the fair value and the principal amount of debt is amortized into interest expense over the remaining term. As of December 31, 2025, the net carrying amount of the convertible notes due to affiliates of the NHT Adviser was \$51.9 million.

Promissory Notes Payable to Affiliates

In connection with the NHT Merger, on April 17, 2025, several promissory notes were issued to certain affiliates of the Company due to a limitation on common shares issued to affiliates of the issuer by the New York Stock Exchange. The aggregate principal amount of such promissory notes was \$0.8 million, each with an interest rate of 7.334% and maturing on April 17, 2027, with two one-year extension options. As of December 31, 2025, the carrying amount of the promissory notes due to affiliates under the notes was \$0.8 million.

Credit Facility

On January 8, 2021, the Company entered into a \$30.0 million credit facility (the "Raymond James Loan") with Raymond James Bank, N.A. On October 20, 2023, Raymond James Bank, N.A. agreed to amend the terms of the Raymond James Loan, which, among other things, extended the maturity date to October 6, 2025 and amended the credit limit to

\$20.0 million. During the year ended December 31, 2025, the Company paid down \$11.0 million on the Raymond James Loan and fully extinguished the debt.

Revolving Credit Facility

On May 22, 2023, the Company entered into a \$20.0 million revolving credit facility (the "NexBank Revolver") with NexBank, in the initial principal balance of \$20.0 million, with the option for the Company to receive additional disbursements thereunder up to a maximum of \$50.0 million, a maturity date of May 21, 2024 and the option to extend the maturity two times by six months. On May 21, 2024, the Company elected to extend the maturity by six months to November 21, 2024. On November 21, 2024, the Company elected to extend the maturity by six months to May 21, 2025. On May 15, 2025, the Company amended the NexBank Revolver agreement to extend the maturity date to November 21, 2025, and to provide for three additional six-month extension options. On November 21, 2025, the Company elected to extend the maturity by six months to May 21, 2026. During the year ended December 31, 2025, the Company paid down \$5.5 million on the NexBank Revolver. As of December 31, 2025, the NexBank Revolver bears interest at one-month SOFR plus 3.50% and matures on May 21, 2026. As of December 31, 2025, the NexBank Revolver had an outstanding balance of \$11.0 million.

Deferred Financing Costs

The Company defers costs incurred in obtaining financing and amortizes the costs over the terms of the related loans using the straight-line method, which approximates the effective interest method. Deferred financing costs, net of amortization, are recorded as a reduction from the related debt on the Company's Consolidated Balance Sheets. Upon repayment of or in conjunction with a material change in the terms of the underlying debt agreement, any unamortized costs are charged to loss on extinguishment of debt and modification costs.

Prime Brokerage Borrowing

Effective July 2, 2022, the Company entered a prime brokerage account with Jefferies to hold securities owned by the Company (the "Prime Brokerage"). The Company from time to time borrows against the value of these securities. As of December 31, 2025, the Company had a margin balance of approximately \$5.1 million outstanding with Jefferies bearing interest at the Overnight Bank Funding Rate plus 0.50%. Securities with a fair value of approximately \$21.6 million are pledged as collateral against this margin balance. This arrangement has no stated maturity date. Due to the short-term nature of the debt, the fair value of the debt is approximately the outstanding balance.

Schedule of Debt Maturities

The aggregate scheduled maturities, including amortizing principal payments, of total debt for the next five calendar years subsequent to December 31, 2025 are as follows (in thousands):

	Credit Facilities	Mortgages Payable	Notes Payable	Prime Brokerage Borrowing	Total
2026	\$ 10,994	\$ 215,240	\$ 13,250	\$ —	\$ 239,484
2027	—	—	21,317	—	21,317
2028	—	—	—	—	—
2029	—	10,000	—	—	10,000
2030	—	—	—	—	—
Thereafter	—	—	37,611	5,136	42,747
Total	\$ 10,994	\$ 225,240	\$ 72,178	\$ 5,136	\$ 313,548

7. Variable Interest Entities

As of December 31, 2025, and 2024, the Company does not consolidate the investments below as it does not have a controlling financial interest in these investments:

Entities	Instrument	Asset Type	Percentage Ownership as of		Relationship as of	
			December 31, 2025	December 31, 2024	December 31, 2025	December 31, 2024
Unconsolidated Entities:						
NexPoint Storage Partners, Inc.	Common stock	Self-storage	53.0%	52.8%	VIE	VIE
NexPoint Storage Partners Operating Company, LLC	LLC interest	Self-storage	33.8%	29.5%	VIE	VIE
Perilune Aero Equity Holdings One, LLC	LLC interest	Aircraft	16.4%	16.4%	VIE	VIE
Sandstone Pasadena Apartments, LLC	LLC interest	Multifamily	50.0%	50.0%	VIE	VOE
Life Sciences II DST	DST investment	Life science	25.8%	25.8%	VIE	VIE
Semiconductor DST	DST investment	Industrial	19.2%	16.8%	VIE	VIE
Capital Acquisitions Partners, LLC	LLC interest	Multifamily	20.9%	20.9%	VIE	VIE
NexPoint Real Estate Finance Operating Partnership, L.P.	LP interest	Mortgage	12.9%	15.6%	VIE	VIE
VineBrook Homes Operating Partnership, L.P.	LP interest	Single-family rental	12.3%	11.4%	VIE	VIE
NexPoint SFR Operating Partnership, L.P.	LP interest	Single-family rental	28.0%	30.8%	VIE	VIE
IQHQ Holdings, LP	LP interest	Life science	0.9%	1.2%	VIE	VIE
NexAnnuity Holdings, Inc.	Preferred Shares	Annuities (1)	100%	100%	VIE	VIE
AMS C-Store JV, LLC	Preferred Shares	Retail (2)	100%	0%	VIE	N/A

(1) The Company owns 100% of the preferred stock of NexAnnuity Holdings, Inc. ("NHI"), but it does not own any of the outstanding common stock of NHI.

(2) The Company owns 100% of the preferred stock of AMS, but it does not own any of the outstanding common stock of AMS.

The maximum exposure to loss of value for the VIE investments includes both the carrying value of each investment, as presented in the tables in Note 8 and 10, and the Company's exposure through additional arrangements. The Company has provided guarantees on certain debt obligations of some of the VIEs, see Note 14 for further details.

Consolidated VIEs

The Company did not have any consolidated VIEs as of December 31, 2025 and 2024.

8. Equity Method Investments

Below is a summary of the Company's equity method investments as of December 31, 2025 (dollars in thousands):

Investee Name	Instrument	Asset Type	Percentage Ownership	Investment Basis	Share of Investee's Net Assets (1)	Basis Difference (2)	Share of Earnings (Loss)
Sandstone Pasadena Apartments, LLC	LLC interest	Multifamily	50.0%	\$ 8,114	\$ (9,590)	\$ 17,704	\$ (1,741)
AM Uptown Hotel, LLC	LLC interest	Hospitality	60.0%(3)	(4,631)	339	(4,970)	57
Las Vegas Land Owner, LLC	LLC interest	Land	77.0%(4)	12,324	12,324	—	3
Perilune Aero Equity Holdings One, LLC	LLC interest	Aircraft	16.4%(8)	12,650	11,756	894	100
Capital Acquisitions Partners, LLC	LLC interest	Multifamily	20.9%	700	1,717	(1,017)	292
				<u>\$ 29,157</u>	<u>\$ 16,546</u>	<u>\$ 12,611</u>	<u>\$ (1,289)</u>

Below is a summary of the Company's investments as of December 31, 2025 that qualify for equity method accounting for which the Company has elected to account for using the fair value option. Amounts are included in "Investments, at fair value" on the Consolidated Balance Sheets.

Investee Name	Instrument	Asset Type	Percentage Ownership	Fair Value
NexPoint Real Estate Finance Operating Partnership, L.P.	LP interest	Mortgage	12.9%(6)	\$ 56,557
NexPoint Real Estate Finance, Inc.	Common stock	Mortgage	15.9%(6)	41,568
Claymore Holdings, LLC	LLC interest	N/A	50.0%(5)	—
Vinebrook Homes Operating Partnership, L.P.	LP interest	Single-family rental	12.3%(6)	118,599
NexPoint Storage Partners, Inc.	Common stock	Self-storage	53.0%(3)	51,673
NexPoint Storage Partners Operating Company, LLC	LLC interest	Self-storage	33.8%	34,470
NexPoint SFR Operating Partnership, L.P.	LP interest	Single-family rental	28.0%	28,573
LLV Holdco, LLC	LLC interest	Land	26.8%	1,598
AMS C-Store JV, LLC	Preferred stock	Retail	100.0%(9)	18,420
				<u>\$ 351,458</u>

Below is a summary of the Company's equity method investments as of December 31, 2024 (dollars in thousands):

Investee Name	Instrument	Asset Type	Percentage Ownership	Investment Basis	Share of Investee's Net Assets (1)	Basis Difference (2)	Share of Earnings (Loss)
Sandstone Pasadena Apartments, LLC	LLC interest	Multifamily	50.0%	\$ 10,055	\$ (9,590)	\$ 19,645	\$ 70
AM Uptown Hotel, LLC	LLC interest	Hospitality	60.0%(3)	18,081	14,970	3,111	(155)
Las Vegas Land Owner, LLC	LLC interest	Land	77.0%(4)	12,321	12,321	—	10
Perilune Aero Equity Holdings One, LLC	LLC interest	Aircraft	16.4%(8)	13,565	10,488	3,077	1,414
Capital Acquisitions Partners, LLC	LLC interest	Multifamily	20.9%	407	1,717	(1,310)	126
				<u>\$ 54,429</u>	<u>\$ 29,906</u>	<u>\$ 24,523</u>	<u>\$ 1,465</u>

[Table of Contents](#)

Below is a summary of the Company's investments as of December 31, 2024 that qualify for equity method accounting for which the Company has elected to account for using the fair value option. Amounts are included in "Investments, at fair value" on the Consolidated Balance Sheets.

Investee Name	Instrument	Asset Type	Percentage Ownership	Fair Value
NexPoint Real Estate Finance Operating Partnership, L.P.	LP interest	Mortgage	15.6%(6)	\$ 76,396
NexPoint Real Estate Finance, Inc.	Common stock	Mortgage	12.0%(6)	32,949
Claymore Holdings, LLC	LLC interest	N/A	50.0%(5)	—
Allenby, LLC	LLC interest	N/A	50.0%(5)	—
Haygood, LLC	LLC interest	N/A	31.0%(7)	—
LLV Holdco, LLC	LLC interest	Land	26.8%	2,606
NexPoint Storage Partners, Inc.	Common stock	Self-storage	52.8%(3)	62,709
NexPoint Storage Partners Operating Company, LLC	LLC interest	Self-storage	29.5%	34,172
VineBrook Homes Operating Partnership, L.P.	LP interest	Single-family rental	11.4%(6)	151,706
NexPoint SFR Operating Partnership, L.P.	LP interest	Single-family rental	30.8%	37,953
				<u>\$ 398,491</u>

- (1) Represents the Company's percentage share of net assets of the investee per the investee's books and records.
- (2) Represents the difference between the basis at which the investments in unconsolidated ventures are carried by the Company and the Company's proportionate share of the equity method investee's net assets. To the extent that the Company's cost basis is different from the basis reflected at the joint venture level, the basis difference is generally amortized over the lives of the related assets and liabilities, and such amortization is included in the Company's share of equity in earnings of the joint venture.
- (3) The Company owns greater than 50% of the outstanding common equity but is not deemed to be the primary beneficiary or have a controlling financial interest of the investee and as such, accounts for the investee using the equity method.
- (4) The Company owns 100% of Las Vegas Land Owner, LLC which owns 77% of a joint venture that owns an 8.5 acre tract of land (the "Tivoli North Property"). Through a tenants in common arrangement, the Company shares control and as such accounts for this investment using the equity method.
- (5) The Company has a 50% non-controlling interest in Claymore Holdings, LLC ("Claymore") and Allenby, LLC. The Company has determined it is not the primary beneficiary and does not consolidate these entities.
- (6) The Company owns less than 20% of the investee but has significant influence due to members of the management team serving on the board of the investee or its parent and as such, accounts for the investee using the equity method.
- (7) The Company has a 31% non-controlling interest in Haygood, LLC. The Company has determined it is not the primary beneficiary and does not consolidate this entity.
- (8) The Company owns less than 20% of the investee but has significant influence due to the legal nature of a partnership that implies an inherent right to influence the operating and financial policies of the partnership.

- (9) The Company owns 100% of the preferred units in AMS C-Store JV, LLC but is not deemed to be the primary beneficiary and does not have a controlling financial interest of the investee and as such, accounts for the investee using the equity method.

Marriott Uptown Basis

As of December 31, 2025, the Company held an equity method investment in AM Uptown, LLC ("Marriott Uptown"). The Company accounts for this investment under the equity method of accounting, as it has the ability to exercise significant influence over operating and financial policies.

During 2025, the Company received cash distributions that exceeded the Company's equity method investment balance. Because the Company has continuing obligations to Marriott Uptown, including a guarantee of certain recourse carve-outs, commonly referred to as "bad boy" guarantees, the excess of distributions over the carrying value of the investment was not recognized as a gain. Instead, the Company recorded a liability, which is presented within "Accounts payable and other accrued liabilities" on the Consolidated Balance Sheets.

The Company will continue to evaluate the investment for indications of other-than-temporary impairment and will assess whether its obligations under the guarantee require recognition of additional liabilities.

Significant Equity Method Investments

For its annual reporting, the Company assesses and presents summarized financial information for its significant equity method investments in accordance with Rule 8-03(b)(3) of Regulation S-X. The Company reports the financial information on a three-month lag, to align with the availability of investee financials. NexPoint Real Estate Finance, Inc. ("NREF"), VineBrook Homes Trust, Inc. ("VineBrook") and NexPoint Storage Partners, Inc. ("NSP") do not prepare standalone financials for their operating companies as all operations and investments are owned through their operating companies and are consolidated by the corporate entities.

The table below presents summarized statement of operations for the nine months ended September 30, 2025 for the Company's equity method investments (dollars in thousands):

	NREF	VineBrook	NSP	Other	Total
Revenues					
Rental income	\$ 6,401	\$ 270,645	\$ 91,114	\$ 8,784	\$ 376,944
Net interest income	36,075	—	1,092	—	37,167
Other income	88,926	10,349	4,088	21,700	125,063
Total revenues	<u>\$ 131,402</u>	<u>\$ 280,994</u>	<u>\$ 96,294</u>	<u>\$ 30,484</u>	<u>\$ 539,174</u>
Expenses					
Total expenses	\$ 25,906	\$ 433,577	\$ 80,884	\$ 19,562	\$ 559,929
Gain (loss) on sales and impairment of real estate	3,718	2,963	—	—	6,681
Other income (expense)	(10,119)	140	(55,392)	(11,955)	(77,326)
Unrealized gain (loss) on derivatives	—	(12,495)	—	—	(12,495)
Total comprehensive income (loss)	<u>\$ 99,095</u>	<u>\$ (161,975)</u>	<u>\$ (39,982)</u>	<u>\$ (1,033)</u>	<u>\$ (103,895)</u>

[Table of Contents](#)

The table below presents the summarized statement of operations for the nine months ended September 30, 2024 for the Company's significant equity method investments (dollars in thousands):

	NREF		VineBrook		NSP		Other		Total	
Revenues										
Rental income	\$	6,316	\$	268,115	\$	89,686	\$	8,422	\$	372,539
Net interest income		6,444		—		1,477		3,344		11,265
Other income		728		4,571		4,687		48,066		58,052
Total revenues	\$	13,488	\$	272,686	\$	95,850	\$	59,832	\$	441,856
Expenses										
Total expenses	\$	27,664	\$	393,196	\$	99,135	\$	20,263	\$	540,258
Gain (loss) on sales and impairment of real estate		—		(19,773)		621		—		(19,152)
Other income (expense)		34,982		1,485		(81,743)		(17,872)		(63,148)
Unrealized gain (loss) on derivatives		—		(18,055)		—		—		(18,055)
Total comprehensive income (loss)	\$	20,806	\$	(156,853)	\$	(84,407)	\$	21,697	\$	(198,757)

9. Fair Value of Financial Instruments

The table below summarizes the Company's assets within the valuation hierarchy carried at fair value on a recurring basis as of December 31, 2025 (in thousands):

	Fair Value			
	Level 1	Level 2	Level 3	Total
Assets				
Bond	\$ —	\$ 54	\$ —	\$ 54
Common stock	57,278	—	120,690	177,968
Convertible notes	—	—	11,994	11,994
LLC interest	—	—	54,488	54,488
LP interest	—	56,558	147,172	203,730
Preferred Shares	—	—	73,388	73,388
Rights and warrants	—	—	4	4
Senior loan	—	58	46,926	46,984
	<u>\$ 57,278</u>	<u>\$ 56,670</u>	<u>\$ 454,662</u>	<u>\$ 568,610</u>

The table below summarizes the Company's assets within the valuation hierarchy carried at fair value on a recurring basis as of December 31, 2024 (in thousands):

	Fair Value			
	Level 1	Level 2	Level 3	Total
Assets				
Bond	\$ —	\$ 62	\$ —	\$ 62
Common stock	46,436	—	157,828	204,264
Convertible notes	—	—	20,846	20,846
LLC interest	—	—	36,777	36,777
LP interest	—	76,396	189,659	266,055
Preferred Shares	—	—	69,895	69,895
Rights and warrants	—	1,788	—	1,788
Senior loan	—	52	43,693	43,745
	<u>\$ 46,436</u>	<u>\$ 78,298</u>	<u>\$ 518,698</u>	<u>\$ 643,432</u>

[Table of Contents](#)

The table below sets forth a summary of changes in the Company's Level 3 assets (assets measured at fair value using significant unobservable inputs) for the year ended December 31, 2025 (in thousands):

	December 31, 2024	Contributio ns/ purchases	Paid in-kind dividends	Transfer Into (Out of) Level 3	Redemption s/ conversions	Realized gain/ (loss)	Unreali zed gain/ (loss)	December 31, 2025
Common stock	\$ 157,828	\$ 1,857	\$ —	\$ —	\$ (3,687)	\$ 1,511	(36,819)	\$ 120,690
Convertible notes	20,846	—	—	—	(9,194)	—	342	11,994
LLC interest	36,777	25,238	2,184	—	(3,996)	3,344	(9,059)	54,488
LP interest	189,659	2,660	—	—	—	—	(45,147)	147,172
Preferred Shares	69,895	—	5,743	—	(2,250)	—	—	73,388
Rights and warrants	—	—	—	4	—	—	—	4
Senior loan	43,693	—	5,194	—	(1,649)	2	(314)	46,926
Total	<u>\$ 518,698</u>	<u>\$ 29,755</u>	<u>\$ 13,121</u>	<u>\$ 4</u>	<u>\$ (20,776)</u>	<u>\$ 4,857</u>	<u>\$ (90,997)</u>	<u>\$ 454,662</u>

The table below sets forth a summary of changes in the Company's Level 3 assets (assets measured at fair value using significant unobservable inputs) for the year ended December 31, 2024 (in thousands):

	Decemb er 31, 2023	Contributio ns/ purchases	Paid in-kind dividen ds	Transf er Into (Out of) Level 3	Investments (Eliminated) Acquired Through Consolidatio n (1)	Redemption s /conversions	Retur n of capital	Realize d gain/ (loss)	Unrealize d gain/(loss)	Decemb er 31, 2024
CLO	\$ 1,215	\$ —	\$ —	\$ —	\$ —	\$ —	(1,266)	(22,735)	\$ 22,786	\$ —
Common stock	176,256	904	—	—	(7,757)	—	—	—	(11,575)	157,828
Convertible notes	42,251	—	—	—	(21,129)	—	—	—	(276)	20,846
LLC interest	39,399	742	—	—	—	—	—	—	(3,364)	36,777
LP interest	195,898	5,459	—	—	—	—	—	—	(11,698)	189,659
Preferred Shares	66,268	—	5,327	—	—	(1,700)	—	—	—	69,895
Rights and warrants	—	—	—	—	—	—	—	—	—	—
Senior loan	46,353	7,282	4,350	—	—	(14,902)	—	633	(23)	43,693
Total	<u>567,640</u>	<u>14,387</u>	<u>9,677</u>	<u>—</u>	<u>(28,886)</u>	<u>(16,602)</u>	<u>(1,266)</u>	<u>(22,102)</u>	<u>(4,150)</u>	<u>518,698</u>

(1) As a result of the NHT consolidation, certain investments were eliminated or acquired.

[Table of Contents](#)

The inputs or methodology used for valuing securities are not necessarily an indication of the risk associated with investing in those securities. The following is a summary of the significant unobservable inputs used in the fair valuation of assets categorized within Level 3 of the fair value hierarchy as of December 31, 2025.

Category	Valuation Technique	Significant Unobservable Inputs	Input/Range Values	Fair Value
Common Stock	Market Approach	Unadjusted Price/MHz-PoP	\$0.10 - \$1.10 (\$0.565)	\$ 120,690
	Discounted Cash Flow	Discount Rate	7.00% - 14.00 % (9.50%)	
		Market Rent (per sqft)	\$13.00 - \$42.50 (\$27.75)	
	NAV Approach	Discount Rate	10.00%	
		NAV per Share	\$ 4.18	
	Multiples Analysis	Multiple of EBITDA	3.50x - 4.75x (4.125x)	
	Recent Transaction	Implied Enterprise Value from Transaction Price (\$mm)	\$ 1,211.00	
Convertible Notes	Discounted Cash Flow	Discount Rate	6.08% - 8.08% (7.08%)	11,994
LLC Interest	Discounted Cash Flow	Discount Rate	7.00% - 27.00% (12.75%)	54,488
		Market Rent (per sqft)	\$13.00 - \$42.50 (\$27.75)	
		Capitalization Rate	5.375%	
LP Interest	Market Approach	Capitalization Rate	5.50% - 6.00% (5.75%)	147,172
		Terminal Capitalization Rate	6.09%	
	NAV Approach	Discount Rate	5.00% - 10.00% (7.50%)	
		NAV per Share	4.50% - 5.00% (4.75%)	
Preferred Shares	Liquidation Analysis	Par	\$ 1,000.00	73,388
Rights and Warrants		Price per Share	\$ 0.08	4
Senior Loan	Discounted Cash Flow	Discount Rate	12.50% - 17.50% (14.13%)	46,926
Total				\$ 454,662

[Table of Contents](#)

The following is a summary of the significant unobservable inputs used in the fair valuation of assets categorized within Level 3 of the fair value hierarchy as of December 31, 2024.

Category	Valuation Technique	Unobservable Inputs	Input/Range Values	Fair Value
Common Stock	Market Approach	Unadjusted Price/MHz-PoP	\$0.10-\$0.90(\$0.48)	\$ 157,828
	Discounted Cash Flow	Discount Rate	7.00% - 14.50 % (9.63%)	
		Market Rent (per sqft)	\$13.00-\$42.50(\$27.75)	
	NAV Approach	Discount Rate	10.0%	
		NAV per Share	\$ 12.75	
	Multiples Analysis	Multiple of EBITDA	3.00x - 4.25x (3.63x)	
		Implied Enterprise Value from		
	Recent Transaction	Transaction Price (\$mm)	\$ 1,149.00	
		N/A	\$25.31-\$28.00(\$26.66)	
		Discount to NAV	(30.00)% - (20.00%) (25.00%)	
		Offer Price per Share	\$ 4.27	
Convertible Notes	Discounted Cash Flow	Discount Rate	6.08% - 8.08% (7.08%)	20,846
LLC Interest	Discounted Cash Flow	Discount Rate	7.00% - 26.00% (12.50%)	36,777
		Market Rent (per sqft)	\$13.00-\$42.50(\$27.75)	
LP Interest	Direct Capitalization Approach	Capitalization Rate	5.25% - 5.50% (5.38%)	189,659
	Market Approach	Discount to NAV	(7.5)%	
	Recent Transaction	Price per Share	\$ 16.41	
Preferred Shares	Liquidation Analysis	Par	\$ 1,000.00	69,895
Senior Loan	Discounted Cash Flow	Discount Rate	13.30% - 26.00% (19.65%)	43,693
Total				\$ 518,698

Financial Instruments Not Carried at Fair Value

At December 31, 2025 and 2024, the fair values of cash and cash equivalents, restricted cash, accounts receivable, prepaid and other assets, accrued interest and dividends, accounts payable and other accrued liabilities, accrued real estate taxes payable, accrued interest payable, income tax payable, security deposits and prepaid rent approximated their carrying values because of the short-term nature of these instruments. The estimated fair values of other financial instruments were determined by the Company using available market information and appropriate valuation methodologies. Considerable judgment is necessary to interpret market data and develop estimated fair values. Accordingly, the estimates presented herein are not necessarily indicative of the amounts the Company would realize on the disposition of the financial instruments. The use of different market assumptions or estimation methodologies may have a material effect on the estimated fair value amounts.

In calculating the fair value of its long-term indebtedness, the Company used interest rate and spread assumptions that reflect current credit worthiness and market conditions available for the issuance of long-term debt with similar terms and remaining maturities. These financial instruments utilize Level 2 inputs. Long-term indebtedness is carried at amounts that reasonably approximate their fair value at December 31, 2025 and 2024, except for the following debt (in thousands):

	December 31, 2025		December 31, 2024	
	Outstanding Principal Balance	Estimated Fair Value	Outstanding Principal Balance	Estimated Fair Value
Notes payable	\$ 83,172	\$ 67,959	\$ 98,721	\$ 78,607

Other Financial Instruments

Redeemable noncontrolling interests in the OP and the 9.00% Series B Cumulative Redeemable Preferred Shares, par value \$0.001 per share, liquidation preference \$25.00 per share (the "Series B Preferred Shares"), have redemption features and are marked to their redemption value if such value exceeds the carrying value. The redemption values are based on the liquidation preference of the Series B Preferred Shares, less non-contingent redemption fees. The non-contingent fees reduce the amount of cash the Company would be required to pay upon redemption. Since the valuation is based on observable inputs such as quoted prices for similar instruments in active markets, the redeemable noncontrolling interests in the OP and the Series B Preferred Shares are classified as Level 2 if they are adjusted to their redemption value. The redemption value of the redeemable noncontrolling interests in the OP is based on the fair value of the Company's common stock at the redemption date, and therefore, is calculated based on the fair value of the Company's common stock at the balance sheet date. As of December 31, 2025, the redemption value of the redeemable noncontrolling interests in the OP and the Series B Preferred Shares was less than the carrying value on the Consolidated Balance Sheets.

Derivative Financial Instruments and Hedging Activities

The Company manages interest rate risks primarily by managing the amount, sources, and duration of its debt funding and the use of derivative financial instruments.

The Company performs market valuations on its derivative financial instruments. The valuation of these instruments is determined using widely accepted valuation techniques, including discounted cash flow analysis on the expected cash flows of each derivative. This analysis reflects the contractual terms of the derivatives, including the period to maturity, and uses observable market-based inputs, including interest rate curves and implied volatilities. The fair values of interest rate caps are determined using the market standard methodology of discounting the future expected cash receipts that would occur if variable interest rates rise above the strike rate of the caps. The variable interest rates used in the calculation of projected receipts on the cap are based on an expectation of future interest rates derived from observable market interest rate curves and volatilities.

Interest rate caps involve the receipt of variable-rate amounts from a counterparty if interest rates rise above the strike rate on the contract in exchange for an up-front premium. The Hospitality segment has an interest rate cap agreement related to the notes payable on the Park City and Bradenton properties. As of December 31, 2025 and 2024, the interest rate cap agreements effectively cap one-month SOFR on \$38.6 million and \$37.9 million, respectively, of the Hospitality segment's floating rate mortgage and mezzanine indebtedness at a weighted average rate of 6.70%.

To comply with the provisions of ASC 820, Fair Value Measurement, the Hospitality segment incorporates credit valuation adjustments to reflect counterparty nonperformance risk in the fair value measurements of its derivative instruments, as the Hospitality segment's derivatives were in an asset position as of December 31, 2025 and 2024. Although the majority of the inputs used to value the Hospitality segment's derivatives fall within Level 2 of the fair value hierarchy, any credit valuation adjustments utilize Level 3 inputs, such as estimates of current credit spreads, to evaluate the likelihood of default by the counterparties. The Company has determined that the impact of any such credit valuation adjustments, based on the fair value of each individual contract, was not significant to the overall valuation. In addition, for certain derivative instruments, such as interest rate caps, the Hospitality segment has no ongoing performance obligation, and therefore no

credit valuation adjustment is required. As a result, all of the Hospitality segment's derivatives held as of December 31, 2025 and 2024 were classified as Level 2 of the fair value hierarchy.

Changes in fair value of the interest rate caps are recorded directly as interest expense on the Consolidated Statement of Operations and Comprehensive Income (Loss). For the years ended December 31, 2025 and 2024, the Company recorded \$(27.2) thousand and \$(27.1) thousand, respectively, in interest expense related to changes in the fair value of interest rate caps. The combined fair value of the interest rate caps is \$0.1 million as of December 31, 2025 and \$0.2 million, as of December 31, 2024, and is recorded as interest rate caps in the Consolidated Balance Sheets.

As of December 31, 2025, the Hospitality segment had the following outstanding interest rate caps (in thousands):

Type of Derivative	Hedged Financial Instrument	Notional	Strike Rate	Reference Rate	Termination Date
Interest rate cap	Note payable	\$ 39,300	2.00%	One-month SOFR	2.00%
					February 5, 2026

As of December 31, 2024, the Hospitality segment had the following outstanding interest rate caps (in thousands):

Type of Derivative	Hedged Financial Instrument	Notional	Strike Rate	Reference Rate	Termination Date
Interest rate cap	Note payable	\$ 39,300	2.00%	One-month SOFR	2.00%
					March 5, 2025

10. Investments in DSTs

The Company invested in the Class 1 Beneficial Interests ("Class 1") in two Delaware Statutory Trusts (DSTs). The Class 1 are accounted for as investments in equity securities without readily determinable fair values under the measurement alternative, which measures the investment at cost minus impairment, if any, plus or minus changes in fair value when observable prices are identified. As the Class 1 are still being actively issued, the investments are held at cost with no upward or downward fair value adjustment nor impairment losses to date. Therefore, the fair value of the Investment in DSTs utilizing Level 3 inputs approximate their carrying amount. The Company recognized \$1.88 million and \$0.7 million, respectively, in dividend income for the years ended December 31, 2025 and 2024.

As of December 31, 2025, the Company held the following investments (dollars in thousands):

Balances, as of December 31, 2025	Number of Shares	Carrying Amount
NexPoint Life Sciences II DST	1,044,040	\$ 9,600
NexPoint Semiconductor DST	2,625,618	23,959
Total		\$ 33,559

As of December 31, 2024, the Company held the following investments (dollars in thousands):

Balances, as of December 31, 2024	Number of Shares	Carrying Amount
NexPoint Life Sciences II DST	1,044,040	\$ 9,600
NexPoint Semiconductor DST	2,296,851	20,959
Total		\$ 30,559

11. Shareholders' Equity

Common Shares

As of December 31, 2025, the Company had 50,132,605 common shares, par value \$0.001 per share, issued and outstanding, 7,453,036 of which were issued during the year ended December 31, 2025.

During the year ended December 31, 2025, the Company made the following distributions:

Payment Date (1)	Distribution Rate per Share	Ex-Date	Record Date
December 31, 2025	\$ 0.15	11/21/2025	11/21/2025
September 30, 2025	\$ 0.15	8/14/2025	8/14/2025
June 30, 2025	\$ 0.15	5/9/2025	5/9/2025
March 31, 2025	\$ 0.15	2/28/2025	2/28/2025

- (1) The distributions paid consisted of a combination of cash and shares, with the cash component of the distribution (other than cash paid in lieu of fractional shares) comprising 20% of the distribution, with the balance being paid in the Company's common shares.

As of December 31, 2024, the Company had 42,679,569 common shares issued and outstanding. 4,289,969 shares were issued during the year ended December 31, 2024.

During the year ended December 31, 2024, the Company made the following distributions:

Payment Date (1)	Distribution Rate per Share	Ex-Date	Record Date
December 31, 2024	\$ 0.15	11/15/2024	11/15/2024
September 30, 2024	\$ 0.15	8/15/2024	8/15/2024
June 28, 2024	\$ 0.15	5/14/2024	5/14/2024
March 28, 2024	\$ 0.15	2/15/2024	2/15/2024

- (1) The distributions paid consisted of a combination of cash and shares, with the cash component of the distribution (other than cash paid in lieu of fractional shares) comprising 20% of the distribution, with the balance being paid in the Company's common shares.

Series A Preferred Shares

On January 8, 2021, the Company issued 3,359,593 5.50% Series A Cumulative Preferred Shares, par value \$0.001 per share, liquidation preference \$25.00 per share ("Series A Preferred Shares") with an aggregate liquidation preference of approximately \$84.0 million. The Series A Preferred Shares were issued as part of the consideration for an exchange offer for a portion of the Company's common shares. The Series A Preferred Shares are callable beginning on December 15, 2023 at a price of \$25 per share. The Company may exercise its call option at the Company's discretion. As a result, these are included in permanent equity.

During the year ended December 31, 2025, the Company made the below distributions on its Series A Preferred Shares:

Payment Date	Distribution Rate per Share	Ex-Date	Record Date
December 31, 2025	\$ 0.34375	12/23/2025	12/23/2025
September 30, 2025	\$ 0.34375	9/23/2025	9/23/2025
June 30, 2025	\$ 0.34375	6/23/2025	6/23/2025
March 31, 2025	\$ 0.34375	3/24/2025	3/24/2025

During the year ended December 31, 2024, the Company made the below distributions on its Series A Preferred Shares:

Payment Date	Distribution Rate per Share	Ex-Date	Record Date
December 31, 2024	\$ 0.34375	12/23/2024	12/23/2024
September 30, 2024	\$ 0.34375	9/23/2024	9/23/2024
July 1, 2024	\$ 0.34375	6/24/2024	6/24/2024
March 31, 2024	\$ 0.34375	3/25/2024	3/25/2024

Distributions on the Series A Preferred Shares are cumulative from their original issue date at the annual rate of 5.5% of the \$25 per share liquidation preference and are payable quarterly on March 31, June 30, September 30, and December 31 of each year, or in each case on the next succeeding business day.

Series B Preferred Shares

On January 30, 2025, the Company announced the launch of a continuous public offering (the “Series B Preferred Offering”) of up to 16,000,000 shares of its newly designated Series B Preferred Shares at a price to the public of \$25.00 per share, for gross proceeds of \$400.0 million. As of December 31, 2025, the Company has issued 911,003 Series B Preferred Shares for gross proceeds of \$22.4 million before deducting selling commissions and dealer manager fees of approximately \$2.0 million, and organization and offering costs of approximately \$0.1 million. The Company expects that the offering will terminate on the earlier of the date the Company sells all 16,000,000 Series B Preferred Shares in the offering or August 1, 2027 (which is the third anniversary of the effective date of the Company’s registration statement), which may be extended by the Board in its sole discretion. The Board may elect to terminate the Series B Preferred Offering at any time.

During the year ended December 31, 2025, the Company declared the below distributions on its Series B Preferred Shares:

Payment Date	Distribution Rate per Share	Ex-Date	Record Date
April 6, 2026	\$ 0.18750	3/25/2026	3/25/2026
March 5, 2026	\$ 0.18750	2/25/2026	2/25/2026
February 5, 2026	\$ 0.18750	1/23/2026	1/23/2026
January 5, 2026	\$ 0.18750	12/24/2025	12/24/2025
December 5, 2025	\$ 0.18750	11/25/2025	11/25/2025
November 5, 2025	\$ 0.18750	10/24/2025	10/24/2025
October 6, 2025	\$ 0.18750	9/25/2025	9/25/2025
September 5, 2025	\$ 0.18750	8/25/2025	8/25/2025
August 5, 2025	\$ 0.18750	7/25/2025	7/25/2025
July 7, 2025	\$ 0.18750	6/25/2025	6/25/2025
June 5, 2025	\$ 0.18750	5/23/2025	5/23/2025
May 5, 2025	\$ 0.18750	4/25/2025	4/25/2025
April 7, 2025	\$ 0.18750	3/25/2025	3/25/2025
March 5, 2025	\$ 0.18750	2/25/2025	2/25/2025

Distributions on the Series B Preferred Shares are cumulative from their original issue date at the annual rate of 9% of the \$25 per share initial stated value and are payable monthly on the fifth day of each calendar month or, if such date is not a business day, on the next succeeding business day.

Share Repurchase Program

On October 28, 2024, the Board authorized us to repurchase an indeterminate number of common shares and Series A Preferred Shares, at an aggregate market value of up to \$20.0 million during a two-year period that is set to expire on October 28, 2026. We may utilize various methods to affect the repurchases, and the timing and extent of the repurchases will depend upon several factors, including market and business conditions, regulatory requirements and other corporate considerations, including whether our common shares or Series A Preferred Shares are trading at a significant discount to net asset value (“NAV”) per share. Repurchases under this program may be discontinued at any time.

During the year ended December 31, 2025, the Company repurchased 562,157 of its common shares at a total cost of approximately \$1.9 million, or \$3.35 per share on average. During the year ended December 31, 2024, the Company did not repurchase any of its common shares.

Long Term Incentive Plan

On January 30, 2023, the Company’s shareholders approved a long-term incentive plan (the “2023 LTIP”, as amended by the A&R 2023 LTIP (as defined below), the “LTIP”) and the Company subsequently filed a registration statement on Form S-8 registering 2,545,000 common shares, which the Company may issue pursuant to the 2023 LTIP. On June 10, 2025, the Company’s shareholders approved an amendment and restatement of the 2023 LTIP (the “A&R 2023 LTIP”) and the Company subsequently filed a registration statement on Form S-8 registering an additional 943,000 common shares,

which the Company may issue pursuant to the A&R 2023 LTIP. The LTIP authorizes the compensation committee of the Board to provide equity-based compensation in the form of share options, appreciation rights, restricted shares, restricted share units, performance shares, performance units and certain other awards denominated or payable in, or otherwise based on, the Company's common shares or factors that may influence the value of the Company's common shares, plus cash incentive awards, for the purpose of providing the Company's trustees, officers and other key employees (and those of the Adviser and the Company's subsidiaries), and potentially certain nonemployees who perform employee-type functions, incentives and rewards for performance (the "participants").

Restricted Share Units. Under the LTIP, restricted share units may be granted to the participants and typically vest over a three to five-year period for officers, employees and certain key employees of the Adviser and annually for trustees. The most recent grant of restricted share units to officers, employees and certain key employees of the Adviser will vest over a four-year period. Beginning on the date of grant, restricted share units earn distributions that are payable in cash on the vesting date. Compensation expense is recognized on a straight-line basis over the total requisite service period for the entire award. Forfeitures are recognized as they occur. The following table includes the number of restricted share units granted to its trustees, officers, employees and certain key employees of the Adviser under the LTIP:

	Summary of Grants			
	March	April	June	Total
2023	—	603,482	—	603,482
2024	1,033,787	—	—	1,033,787
2025	—	937,643	572,592	1,510,235
Total	1,033,787	1,541,125	572,592	3,147,504

As of December 31, 2025 and 2024, the Company had 2,463,802 and 1,438,049 unvested units under the LTIP, respectively.

The following table includes the number of restricted share units granted, vested, forfeited and outstanding as of and for the year ended December 31, 2025:

	2025	
	Number of Units	Weighted Average Grant Date Fair Value
Outstanding January 1, 2025	1,438,049	\$ 7.35
Granted	1,510,235	3.73
Vested	(449,024) (1)	3.76
Forfeited	(35,458)	5.90
Outstanding December 31, 2025	2,463,802	\$ 5.81

- (1) Certain key employees of the Adviser elected to net the taxes owed upon the vesting against the shares issued resulting in 358,173 shares being issued as shown on the Consolidated Statements of Equity.

The following table contains information regarding the vesting of restricted share units under the LTIP as of December 31, 2025:

	Shares Vesting				
	February	March	April	June	Total
2026	—	234,527	397,608	164,797	796,932
2027	355,614	234,527	130,974	—	721,115
2028	355,614	234,527	—	—	590,141
2029	355,614	—	—	—	355,614
Total	1,066,842	703,581	528,582	164,797	2,463,802

For the years ended December 31, 2025 and 2024, the Company recognized approximately \$4.7 million and \$3.0 million, respectively, of equity-based compensation expense related to grants of restricted share units. As of December 31, 2025, the Company had recognized a liability of approximately \$1.8 million related to distributions earned on restricted share units that are payable in cash upon vesting. As of December 31, 2025, total unrecognized compensation expense on restricted share units was approximately \$9.4 million, and the expense is expected to be recognized over a weighted average vesting period of 1.4 years. As of December 31, 2024, total unrecognized compensation expense on restricted share units was approximately \$8.0 million, and the expense is expected to be recognized over a weighted average vesting period of 1.5 years.

12. Earnings (Loss) Per Share

Basic earnings (loss) per share is computed by dividing net income (loss) attributable to common shareholders by the weighted average number of the Company's common shares outstanding and excludes any unvested restricted share units issued pursuant to the 2023 LTIP.

Diluted earnings (loss) per share is computed by adjusting basic earnings per share for the dilutive effect of the assumed vesting of restricted share units and assumed conversion of Series B Preferred Shares. During periods of net loss, the assumed vesting of restricted share units and the assumed conversion of Series B Preferred Shares is anti-dilutive and is not included in the calculation of earnings (loss) per share.

The following table sets forth the computation of basic and diluted earnings (loss) per share (in thousands, except per share amounts):

	Year Ended December 31, 2025	Year Ended December 31, 2024
Numerator for loss per share:		
Net income (loss) attributable to common shareholders	\$ (130,192)	\$ (51,349)
Denominator for earnings (loss) per share:		
Weighted average common shares outstanding	46,252	40,229
Denominator for basic loss per share	46,252	40,229
Weighted average unvested restricted stock units	162	1,269
Weighted average number of common shares from assumed conversion of Series B Preferred Shares	397	—
Denominator for diluted earnings per share (1)	46,252	40,229
Loss per weighted average common share:		
Basic	\$ (2.81)	\$ (1.28)
Diluted	\$ (2.81)	\$ (1.28)

- (1) If the Company sustains a net loss for the period presented, unvested restricted share units and convertible Series B Preferred Shares are not included in the diluted earnings per share calculation.

13. Related Party Transactions

Advisory and Administrative Fees

Pursuant to the Advisory Agreement, subject to the overall supervision of our Board, the Adviser manages the day-to-day operations of the Company, and provides investment management services.

As of December 31, 2025 and 2024, as consideration for the Adviser's services under the Advisory Agreement, we pay our Adviser an annual fee (the "Advisory Fee") of 1.00% of Managed Assets (defined below) and an annual fee (the "Administrative Fee" and, together with the Advisory Fee, the "Fees") of 0.20% of the Company's Managed Assets.

On July 22, 2024, we entered into an amendment to the Advisory Agreement whereby the monthly installment of the Administrative Fee shall be paid in cash and the monthly installment of the Advisory Fee shall be paid in one-half in cash and one-half in common shares of the Company, subject to certain restrictions including that in no event shall the common shares issued to the Adviser under the Advisory Agreement exceed five percent of the number of common shares or five percent of the voting power of the Company outstanding prior to the first such issuance (the "Share Cap") and that in no event shall the common shares issued to the Adviser under the Advisory Agreement exceed 6,000,000 common shares; provided, however, that the Share Cap will not apply if the Company's shareholders have approved issuances in excess of the Share Cap. At the Company's 2025 annual meeting of shareholders, the Company's shareholders approved issuances in excess of the Share Cap. During the year ended December 31, 2025, we issued 937,026.44 common shares to the Adviser in payment of the Fees in an amount of \$4.3 million.

On September 19, 2025, we entered into an amendment to the Advisory Agreement whereby the monthly installments of the Fees accruing after September 19, 2025, will be paid entirely in cash unless the Adviser elects, in its sole discretion, to receive all or a portion of the monthly installment of the Fees in common shares of the Company, subject to certain restrictions, including that in no event shall the number of common shares issued to the Adviser under the Advisory Agreement exceed 6,000,000 common shares.

Under the Advisory Agreement, "Managed Assets" means an amount equal to the total assets of the Company, including any form of leverage, minus all accrued expenses incurred in the normal course of operations, but not excluding any liabilities or obligations attributable to leverage obtained through (i) indebtedness of any type (including, without limitation, borrowing to purchase or develop real estate or other investments, borrowing through a credit facility, or the issuance of debt securities), (ii) the issuance of preferred shares or other preference securities, (iii) the reinvestment of collateral received for securities loaned in accordance with the Company's investment objectives and policies, and/or (iv) any other means. In the event the Company holds collateralized mortgage-backed securities ("CMBS") where the Company holds the controlling tranche of the securitization and is required to consolidate under GAAP all assets and liabilities of a specific CMBS trust, the consolidated assets and liabilities of the consolidated trust will be netted to calculate the allowable amount to be included as Managed Assets. In addition, in the event the Company consolidates another entity it does not wholly own as a result of owning a controlling interest in such entity or otherwise, Managed Assets will be calculated without giving effect to such consolidation and instead such entity's assets, leverage, expenses, liabilities and obligations will, on a pro rata basis consistent with the Company's percentage ownership, be considered those of the Company for purposes of calculation of Managed Assets. The Adviser computes Managed Assets as of the end of each fiscal quarter and then computes each installment of the Fees as promptly as possible after the end of the month with respect to which such installment is payable.

Advisory Fees, NHT

Prior to the closing of the NHT Merger on April 17, 2025, NHT was externally managed by the NHT Adviser. In accordance with the NHT Advisory Agreement, the Company paid the NHT Adviser an advisory fee equal to 1.00% of the REIT Asset Value (as defined below). Under the direct supervision of the REIT, the duties performed by NHT's Adviser under the terms of the NHT Advisory Agreement include, but are not limited to: providing daily management for NHT, selecting and working with third party service providers, overseeing the third party manager, formulating an investment strategy for NHT and selecting suitable properties and investments, managing NHT's outstanding debt and its interest rate

exposure through derivative instruments, determining when to sell assets, and managing the renovation program or overseeing a third party vendor that implements the renovation program. REIT Asset Value means the value of NHT's total assets, as determined in accordance with International Financial Reporting Standards (IFRS) except that such value shall only consolidate NHT's and NHT Holdings, LLC assets plus NHT's pro rata share of leverage at NHT OP. Pursuant to the terms of the NHT Advisory Agreement, NHT will reimburse the NHT Adviser for all documented Operating Expenses and offering expenses it incurs on behalf of NHT. "Operating Expenses" include legal, accounting, financial and due diligence services performed by the NHT Adviser that outside professionals or outside consultants would otherwise perform and NHT's pro rata share of rent, telephone, utilities, office furniture, equipment, machinery and other office, internal and overhead expenses of the NHT Adviser required for NHT's operations. Operating Expenses do not include expenses for the advisory services described in the NHT Advisory Agreement. Certain Operating Expenses, such as NHT's ratable share of rent, telephone, utilities, office furniture, equipment, machinery and other office, internal and overhead expenses incurred by the NHT Adviser or its affiliates that relate to the operations of NHT, may be billed monthly to NHT under a shared services agreement.

As of April 19, 2024, the date of the NHT Acquisition, NHT had a payable balance of advisory fees of \$6.5 million. As of December 31, 2025 there is a remaining payable of advisory fees of \$11.3 million. The NHT Advisory Agreement was terminated in connection with the closing of the NHT Merger on April 17, 2025, and the Company assumed the remaining outstanding advisory fees under the NHT Advisory Agreement, and the termination of the NHT Advisory Agreement incurred a termination fee of \$3.5 million that is recorded on the Consolidated Statement of Operations and Comprehensive Income (Loss).

Reimbursement of Expenses

We also generally reimburse our Adviser for operating or offering expenses it incurs on our behalf or in connection with the services it performs for us. The Adviser may, at its discretion and at any time, waive its right to reimbursement for eligible out-of-pocket expenses paid on the Company's behalf. Once waived, those expenses are considered permanently waived and become non-recoupable.

The Advisory Agreement has a term that will expire on July 1, 2026, and successive additional one-year terms thereafter unless earlier terminated. We have the right to terminate the Advisory Agreement on 30 days' written notice upon the occurrence of a cause event (as defined in the Advisory Agreement). The Advisory Agreement can be terminated by us or the Adviser without cause upon the expiration of the then-current term with at least 180 days' written notice to the other party prior to the expiration of such term. The Adviser may also terminate the agreement with 30 days' written notice if we have materially breached the agreement and such breach has continued for 30 days before we are given such notice. In addition, the Advisory Agreement will automatically terminate in the event of an Advisers Act Assignment (as defined in the Advisory Agreement) unless we provide written consent. A termination fee will be payable to the Adviser by us upon termination of the Advisory Agreement for any reason, including non-renewal, other than a termination by us upon the occurrence of a cause event or due to an Advisers Act Assignment. The termination fee will be equal to three times the Fees earned by the Adviser during the twelve month period immediately preceding the most recently completed calendar quarter prior to the effective termination date.

For the years ended December 31, 2025 and 2024, the Company incurred Administrative Fees and Advisory Fees of \$13.2 million and \$13.3 million, respectively.

Expense Cap, NHT

Prior to the closing of the NHT Merger on April 17, 2025, the terms of the NHT Advisory Agreement, expenses paid or incurred by NHT for advisory fees payable to the NHT Adviser, Operating Expenses incurred by the NHT Adviser or its affiliates in connection with the services it provides to NHT and its subsidiaries and compensation expenses relating to equity awards granted under a long-term incentive plan of NHT will not exceed 1.5% of REIT Asset Value for the calendar year (or part thereof) that the NHT Advisory Agreement is in effect (the "NHT Expense Cap"). The NHT Expense Cap does not

apply to legal, accounting, financial, due diligence and other service fees incurred in connection with mergers and acquisitions, extraordinary litigation, or other events outside NHT's ordinary course of business or any out-of-pocket acquisition or due diligence expenses incurred in connection with the acquisition or disposition of real estate assets. From the date of the NHT Acquisition to the period ended December 31, 2024, NHT incurred expenses subject to the NHT Expense Cap of \$3.4 million. From January 1, 2025 through April 17, 2025, NHT incurred expenses subject to the NHT Expense Cap of \$1.9 million. The NHT Advisory Agreement was terminated in connection with the closing of the NHT Merger on April 17, 2025, and the Company assumed the remaining expense reimbursement obligations under the NHT Advisory Agreement.

Loans from Affiliates

As of December 31, 2025, a subsidiary of the Company has assumed several convertible notes issued by NHT to certain affiliates of the former NHT Adviser totaling \$51.9 million (see Note 6 to our consolidated financial statements). The proceeds of the notes were primarily used for general corporate and working capital purposes and have been consolidated into one account on the Consolidated Balance Sheet.

Revolving Credit Facility, NXDT

On May 22, 2023, the Company entered into the NexBank Revolver in the initial principal amount of \$20.0 million, with the option for the Company to receive additional disbursements thereunder up to a maximum amount of \$50.0 million and bears interest at one-month SOFR plus 3.50%. On May 21, 2024, the Company elected to extend the maturity by six months to November 21, 2024. On November 21, 2024, the Company elected to extend the maturity by six months to May 21, 2025. On May 15, 2025, the Company amended the NexBank Revolver agreement to extend the maturity date to November 21, 2025, and to provide for three additional six-month extension options. On November 21, 2025, the Company elected to extend the maturity by six months to May 21, 2026. As of December 31, 2025, the NexBank Revolver had an outstanding balance of \$11.0 million.

Guaranties of NexPoint Storage Partners, Inc. Debt

On October 4, 2024, the Company entered into a Guaranty Agreement (Recourse Obligations), dated October 4, 2024 (the "Citi Guaranty") for the benefit of JPMorgan Chase Bank, National Association and Citi Real Estate Funding, Inc. (collectively, the "Citi Lender") under a loan agreement (the "Citi Loan Agreement"), by and among the borrowers thereunder (collectively, "Citi Borrower") and the Citi Lender. The Company is the owner of an indirect interest in Citi Borrower and entered into the Citi Guaranty as a condition of the Citi Lender lending to Citi Borrower under the Citi Loan Agreement. Pursuant to the Citi Guaranty, the Company guarantees the Guaranteed Obligations (as defined in the Citi Loan Agreement). The Guaranteed Obligations consist of liability for losses suffered by the Citi Lender arising out of certain bad acts, such as if the Citi Borrower takes actions that are fraudulent or improper or upon certain violations of the Citi Loan Agreement. The Guaranteed Obligations also include the full payment of the debt upon the occurrence of certain events including borrower voluntarily filing for bankruptcy or similar liquidation or reorganization action or upon certain other violations of the Citi Loan Agreement. The Citi Loan Agreement provides for a loan of \$750.0 million to Citi Borrower. The Citi Loan Agreement is set to mature on November 1, 2029. Borrowings outstanding under the Citi Loan Agreement are secured by mortgages on real property owned by one or more of the borrowers comprising Citi Borrower.

On December 8, 2022 and in connection with a restructuring of NSP, the Company, together with NexPoint Real Estate Finance, Inc. ("NREF"), Highland Opportunities and Income Fund and NexPoint Real Estate Strategies Fund (collectively, the "NSP Co-Guarantors"), as guarantors, entered into a Sponsor Guaranty Agreement in favor of Extra Space Storage, LP ("Extra Space") pursuant to which the Company and the NSP Co-Guarantors guaranteed obligations of NSP with respect to accrued dividends on NSP's newly created Series D Preferred Stock and two promissory notes in an aggregate principal amount of approximately \$64.2 million issued to Extra Space. The guaranties by the Company and the NSP Co-Guarantors were capped at \$97.6 million, and each of the Company and the NSP Co-Guarantors generally guaranteed the foregoing obligations of NSP up to the cap amount on a pro rata basis with respect to its percentage ownership of NSP's common stock. On February 15, 2023, NSP paid down approximately \$15.0 million of these promissory notes, resulting in an aggregate

principal amount of approximately \$49.2 million. On December 8, 2023, NSP paid down the remaining principal balance of \$49.2 million. The Series D Preferred Stock remains outstanding as of December 31, 2025. As of December 31, 2025, the outstanding NSP Series D Preferred Stock accrued dividends were \$15.0 million, and the Company and NREF OP IV REIT Sub, LLC are jointly and severally liable for 85.90% of the guaranteed amount.

NexBank Guaranty

The Company is a guarantor and an indemnitor on the NexBank Revolver. As of December 31, 2025, the NexBank Revolver had an outstanding balance of \$11.0 million. The Company guarantees the borrowers' obligations under the loan agreement and the guaranty is a guaranty of payment and performance, not of collection, which is generally applicable without the need for the lender to make any demand upon or pursue any rights or remedies against the borrower or any other loan party. The guarantor's liability is immediate and not contingent on prior actions taken by the lender against other parties. As an indemnitor, the Company is responsible for indemnifying the lender against losses, claims, damages, and costs (including attorneys' fees) arising from the borrowers' or any other loan party's breach of its warranties, representations, and agreements under the loan agreement. The Company has not recorded a contingent liability with respect to this guaranty as the borrowers are current on all debt payments and in compliance with all debt compliance provisions.

Guaranties of WLIF I

The Company is a guarantor on certain loans made by Federal Home Loan Mortgage Corporation to NexPoint WLIF I Borrower, LLC, with an aggregate principal amount of \$118.5 million outstanding as of December 31, 2025. The obligations consist of two separate guaranty instruments: (i) an Amended and Restated Guaranty of Collection, under which the Company's liability is limited to any deficiency remaining after the lender has exhausted all contractual and legal remedies against the borrower and conducted a public sale of the underlying loan collateral in accordance with the UCC, and (ii) an Amended and Restated Limited Recourse Guaranty, under which the Company's obligations are generally only triggered upon the occurrence of certain springing recourse events, including if the borrower voluntarily files for bankruptcy or similar liquidation or reorganization, takes actions that adversely interfere with the lender's enforcement rights during the continuance of an event of default, or consents to or joins in an involuntary bankruptcy proceeding commenced by a third party. Each guarantor's liability under both instruments is limited to its prorated share of the guaranteed obligations, allocated on an individual borrower basis as set forth in the applicable guaranty. The borrower is current on all debt payments and the Company is in compliance with all debt compliance provisions, including the minimum liquidity and minimum net worth covenants required under each guaranty.

NREF OP Promissory Note

On April 19, 2024, the Company, through the OP, loaned \$6.5 million to NREF OP IV, L.P. ("NREF OP IV"). In connection with the loan, NREF OP IV issued a promissory note to the OP in the principal amount of \$6.5 million bearing interest at 7.535%, which is payable in kind, interest only during the term and matures on April 19, 2029. NREF OP IV is a subsidiary of NREF, which is managed by an affiliate of the Adviser. On September 11, 2024, NREF OP IV extinguished the note and paid down the remaining principal balance and accrued interest.

NFRO SFR REIT Promissory Notes

On December 14, 2023, the Company, through the OP, loaned approximately \$3.6 million to NFRO SFR REIT, LLC ("NFRO SFR REIT"). In connection with the loan, NFRO SFR REIT issued a promissory note to the OP in the principal amount of approximately \$3.6 million bearing interest at 7.535% per annum, which is payable in kind, interest only during the term and was to mature on June 14, 2025. On April 9, 2025, NFRO SFR REIT extinguished the note and paid down the remaining principal balance and accrued interest.

On February 15, 2024, the Company, through the OP, loaned approximately \$3.2 million to NFRO SFR REIT. In connection with the loan, NFRO SFR REIT issued a promissory note to the OP in the principal amount of approximately \$3.2 million bearing interest at 7.535% per annum, which is payable in kind, interest only during the term and was to mature

on August 15, 2025. NFRO SFR REIT is a subsidiary of an entity that is advised by an affiliate of the Adviser. On May 16, 2025, NFRO SFR REIT extinguished the note and paid down the remaining principal balance and accrued interest.

Investments in DSTs

On July 26, 2024, the Company, through NREO, acquired \$4.6 million worth of Class 1 in NexPoint Life Sciences II DST ("Life Sciences DST"), a Delaware statutory trust. Life Sciences DST is managed by an affiliate of the Adviser. Life Sciences DST owns a manufacturing and production facility in Philadelphia, PA that is under a triple net lease.

On July 26, 2024, the Company, through NREO, acquired \$14.9 million worth of Class 1 in NexPoint Semiconductor DST ("Semiconductor DST"), a Delaware statutory trust. Semiconductor DST is managed by an affiliate of the Adviser. Semiconductor DST owns a semiconductor manufacturing property in Temecula, CA that is under a triple net lease. On September 11, 2024, the Company acquired an additional \$6.1 million worth of Class 1 in Semiconductor DST. On January 2, 2025, the Company acquired an additional \$3.0 million worth of Class 1 in Semiconductor DST.

Capital Acquisitions Partners, LLC

The Company owns approximately 20.9% of the total outstanding membership interests of Capital Acquisitions Partners, LLC, an entity that invests in multifamily housing. The remaining membership interests are held by NREF OP. See Notes 7 and 8 for additional information.

IQHQ Transactions

On December 31, 2024, the Company, through certain subsidiaries, along with certain entities advised by affiliates of our Adviser or that may be deemed an affiliate of the Adviser through common beneficial ownership, entered into a participation rights agreement with NexPoint Bridge Investor I, LLC ("Bridge Investor I") pursuant to which the Company has a right to fund up to specified amounts of a Subscription Agreement (the "IQHQ Subscription Agreement") entered into by Bridge Investor I, whereby Bridge Investor I committed to purchase \$160.1 million of Series E preferred stock of IQHQ, Inc. ("IQHQ") and the corresponding warrant to purchase Class A-3 Units of IQHQ Holdings, LP ("IQHQ Holdings") issued to Bridge Investor I (as amended, the "IQHQ Series E Warrant").

Series B Preferred Shares Offering

On January 30, 2025, the Company announced the launch of the Series B Preferred Offering. NexPoint Securities, Inc., an affiliate of the Adviser, serves as the Company's dealer manager (the "Dealer Manager") in connection with the Series B Preferred Offering. The Dealer Manager uses its reasonable best efforts to sell the Series B Preferred Shares offered in the Series B Preferred Offering, and the Company pays the Dealer Manager, subject to the discounts and other special circumstances described or referenced therein, (i) selling commissions of 7.0% of the aggregate gross proceeds from sales of Series B Preferred Shares in the offering ("Selling Commissions") and (ii) a dealer manager fee of 3.0% of the gross proceeds from sales of Series B Preferred Shares in the offering (the "Dealer Manager Fee"). The Dealer Manager, subject to federal and state securities laws, will reallocate all or any portion of the Selling Commissions and may reallocate a portion of the Dealer Manager Fee to other securities dealers that the Dealer Manager may retain who sold the Series B Preferred Shares as is described more fully in the agreements between such dealers and the Dealer Manager. The Company expects that the offering will terminate on the earlier of the date the Company sells all 16,000,000 Series B Preferred Shares in the offering or August 1, 2027 (which is the third anniversary of the effective date of the Company's registration statement), which may be extended by the Board in its sole discretion. The Board may elect to terminate this offering at any time. As of December 31, 2025, the Company has sold 911,003 shares of the Series B Preferred Shares for total gross proceeds of \$22.4 million.

Ground Lease

The Company has a ground lease situated in Durham County, North Carolina, with a subsidiary of OSL, an entity that may be deemed an affiliate of the Adviser through common beneficial ownership. See Note 15 for additional information.

NSP DST Guaranty

On February 13, 2026, but effective as of October 1, 2021, the Company entered into a consent agreement and executed an amended and restated guaranty (the “NSP DST Guaranty”) with NSP and NexPoint Storage Partners Operating Company, LLC (together with NSP and the Company, collectively the “NSP DST Guarantors”) in favor of Wilmington Trust, National Association, as trustee for the benefit of registered holders of GS Mortgage Securities Trust 2021-GSA3, Commercial Mortgage Pass-Through Certificates, Series 2021-GSA3 (“NSP DST Lender”) dated October 1, 2021 (the “NSP DST Loan Agreement”), pursuant to which the Company agreed to become an additional guarantor of certain recourse obligations of the borrowers, NSP II Miami DST, NSP II Atlanta DST, NSP II Stamford DST, and NSP II St Pete DST (collectively, the “NSP DST Borrowers”), under a Loan Agreement, dated October 1, 2021, by and among the NSP DST Borrowers and NSP DST Lender (the “NSP DST Loan Agreement”). NSP may be deemed to be an affiliate of the Adviser and the NSP DST Borrowers are advised by an affiliate of the Adviser. The Company entered into the NSP DST Guaranty as a condition of NSP DST Lender agreeing to modify and amend the terms and provisions under the NSP DST Loan Agreement. The NSP DST Loan Agreement provides for a loan in the original principal amount of \$28.5 million to the NSP DST Borrowers (the “NSP DST Loan”). Amounts under the NSP DST Loan bear interest at a fixed rate of 3.62% per annum and are due and payable on October 6, 2031. The NSP DST Loan is secured by mortgages on four self-storage properties owned by one or more of the NSP DST Borrowers.

The NSP DST Guaranty is a non-recourse carve-out guaranty with springing full recourse provisions. Generally, the NSP DST Loan is non-recourse and the NSP DST Guarantors’ liability is limited to losses, damages, costs and expenses arising from certain “bad acts,” including but not limited to any fraud, willful misconduct, intentional misrepresentation, or certain other misconduct or defaults (including certain waste), by the NSP DST Borrowers or the Company. The NSP DST Guaranty becomes a full recourse guaranty covering up to the amount of the outstanding debt upon the occurrence of certain events, including but not limited to bankruptcy or certain other insolvency events with respect to the NSP DST Borrowers or actions taken by the NSP DST Borrowers and the raising or assertion by the NSP DST Borrowers of a defense or certain related rights or requests in connection with enforcement actions or assertions of rights or remedies by NSP DST Lender.

Other Related Party Transactions

The Company has in the past, and may in the future, utilize the services of affiliated parties. The Company holds multiple operating accounts at NexBank. The Company’s operating properties in the Diversified segment are managed by NexVest Realty Advisors, LLC (“NexVest”), an affiliate of the Adviser. For the years ended December 31, 2025 and 2024 the Company through its subsidiaries has paid approximately \$0.7 million and \$0.7 million, respectively, in property management fees to NexVest. The property management agreement with NexVest for the retail property in Lubbock, Texas is dated January 1, 2014 and has a fixed fee of \$1,200 per month. The property management agreement with NexVest for Cityplace is dated August 15, 2018, and the management fee is calculated on 3% of gross revenues, with a minimum fee of \$20,000 per month. The property management agreement with NexVest for the White Rock Center is dated June 1, 2013, and the management fee is calculated on 4% of gross receipts, payable monthly. The property management agreement with NexVest for the undeveloped property in Plano, Texas is dated September 1, 2024, and the management fee is calculated on 3% of gross receipts, with a minimum fee of \$750 per month. The property management agreement with NexVest for Cityplace also allows for the manager, as the agent of CP Tower Owner, LLC (“Owner”), to draw on the operating account when required in connection with the operation or maintenance of the property, the payment of certain expenses defined in the agreement, or as expressly approved in writing by Owner. For the year ended December 31, 2025, the SPE holding Cityplace reimbursed \$1.5 million to NexVest for these expenses. For the year ended December 31, 2024, the SPE holding Cityplace reimbursed \$1.9 million to NexVest for these expenses.

A trustee and officer of the Company also (i) is the beneficiary of a trust that indirectly owns 100% of the limited partnership interests in the parent of the Adviser and directly owns 100% of the general partnership interests in the parent of the Adviser and (ii) is a director of NexBank Capital, the holding company of NexBank, directly owns a minority of the common stock of NexBank, and is the beneficiary of a trust that directly owns a substantial portion of the common stock of NexBank.

The Company is a guarantor and an indemnitor on a loan from OSL, an entity that may be deemed an affiliate of the Adviser through common beneficial ownership, taken by Freedom LHV which owns White Rock Center, with an aggregate principal amount of \$10.0 million as of December 31, 2025. The obligations include a continuing guarantee, which is generally applicable to all current and future liabilities or obligations of the borrower, whether directly or indirectly incurred, including through an agreement with an affiliate, joint venture partner or other third party. This guarantee remains in effect until all such obligations have been satisfied in full, unless terminated in accordance with the terms of the guarantee agreement. The loan is secured by certain real property held by Freedom LHV.

On March 14, 2025, the Company purchased 2,754.59 shares of NexPoint Storage Partners Operating Company, LLC (the “NSP OC Common Units”) for an aggregate amount of \$2.0 million, 4,638.07 shares for an aggregate amount of \$3.2 million on April 29, 2025, and 5,157.67 shares for an aggregate amount of \$3.6 million on June 16, 2025. As of December 31, 2025, the Company owns approximately 59,614.68 Class B Units, or 33.81%, of the outstanding NSP OC Common Units.

On December 18, 2025, the Company purchased 2,996.19 shares of common stock of NSP for an aggregate amount of \$1.9 million. As of December 31, 2025, the Company owns approximately 89,365.19 shares of NSP common stock, or 53.02%, of the outstanding NSP common stock.

On September 1, 2023, the Company, through one of its wholly owned TRSs, entered into a contribution agreement to transfer the Structured Note in SFP and all its rights, title and interests to related party NHI and its wholly owned subsidiaries. The Company also transferred all of its ordinary shares in SFP to a separate share trustee. In exchange, the Company was issued 68,500 shares of Class A Preferred Stock in NHI and owns 73,388 and 69,895 shares, respectively, as of December 31, 2025 and 2024.

[Table of Contents](#)

Related Party Investments

The Company, from time to time, may invest in entities managed by affiliates of the Adviser. For the year ended and as of December 31, 2025, the Company had the following investments in entities managed or advised by, or directly or indirectly owned by entities managed or advised by, affiliates of the Adviser (in thousands).

Related Party	Investment	Basis	Change in Unrealized Gain/(Loss)	Equity in income (loss)	Realized Gain/(Loss)	Interest and Dividends	Total Income (Losses)
NexPoint Real Estate Finance, Inc.	Common Stock	\$ 41,568	\$ (8,657)	\$ —	\$ —	\$ 4,200	\$ (4,457)
NexPoint Storage Partners, Inc.	Common Stock	51,673	(12,894)	—	—	—	(12,894)
NexPoint Residential Trust, Inc.	Common Stock	3,062	(1,156)	—	—	205	(951)
NexPoint SFR Operating Partnership, L.P.	Convertible Notes	11,994	342	—	—	1,183	1,525
NexPoint Storage Partners Operating Company, LLC	LLC Units	34,470	(8,538)	—	—	—	(8,538)
Claymore Holdings, LLC	LLC Units	—	—	—	—	—	—
Allenby, LLC	LLC Units	—	456	—	3,375	—	3,831
Haygood, LLC.	LLC Units	—	31	—	(31)	—	—
VineBrook Homes Operating Partnership, L.P.	Partnership Units	118,599	(33,107)	—	—	5,967	(27,140)
NexPoint Real Estate Finance Operating Partnership, L.P.	Partnership Units	56,557	(2,564)	—	—	9,738	7,174
NexPoint SFR Operating Partnership, L.P.	Partnership Units	28,573	(12,039)	—	—	2,660	(9,379)
NexAnnuity Holdings, Inc.	Preferred Shares	73,388	—	—	—	5,743	5,743
NexPoint Storage Partners Operating Company, LLC	Promissory Note	1,862	(4)	—	—	125	121
NexPoint SFR Operating Partnership, L.P.	Promissory Note	—	—	—	—	7	7
NFRO SFR REIT, LLC	Promissory Note	—	—	—	—	88	88
NFRO SFR REIT, LLC	Promissory Note	—	—	—	—	82	82
Semiconductor DST	LLC Units	23,959	—	—	—	1,401	1,401
Life Science II DST	LLC Units	9,600	—	—	—	479	479
Capital Acquisitions Partners, LLC	LLC Units	700	—	292	—	—	292
Total		\$ 456,005	\$ (78,130)	\$ 292	\$ 3,344	\$ 31,878	\$ (42,616)

For the year ended and as of December 31, 2024, the Company had the following investments in entities managed or advised by, or directly or indirectly owned by entities managed or advised by, affiliates of the Adviser (in thousands).

[Table of Contents](#)

Related Party	Investment	Basis	Change in Unrealized Gain/(Loss)	Equity in income (loss)	Realized Gain/(Loss)	Interest and Dividends	Total Income (Losses)
NexPoint Real Estate Finance, Inc.	Common Stock	\$ 32,949	\$ (126)	\$ —	\$ —	\$ 4,200	\$ 4,074
NexPoint Storage Partners, Inc.	Common Stock	62,709	(5,478)	—	—	—	(5,478)
NexPoint Residential Trust, Inc.	Common Stock	4,018	692	—	—	180	872
NexPoint Hospitality Trust	Common Stock	—	2,088	(1)	—	—	2,088
NexPoint SFR Operating Partnership, L.P.	Convertible Notes	20,846	32	—	—	1,636	1,668
NexPoint Storage Partners Operating Company, LLC	LLC Units	34,172	(2,985)	—	—	—	(2,985)
SFR WLIF III, LLC	LLC Units	—	—	523	339	—	862
Claymore Holdings, LLC	LLC Units	—	(589)	—	—	—	(589)
Allenby, LLC	LLC Units	—	(153)	—	—	—	(153)
Haygood, LLC.	LLC Units	—	—	—	—	—	—
VineBrook Homes Operating Partnership, L.P.	Partnership Units	151,706	2,247	—	—	5,926	8,173
NexPoint Real Estate Finance Operating Partnership, L.P.	Partnership Units	76,396	(292)	—	—	9,738	9,446
NexPoint SFR Operating Partnership, L.P.	Partnership Units	37,953	(13,946)	—	—	2,516	(11,430)
NexAnnuity Holdings, Inc.	Preferred Shares	69,895	—	—	—	5,327	5,327
NexPoint Hospitality Trust	Promissory Note	—	(308)	(1)	—	—	(308)
NexPoint Storage Partners Operating Company, LLC	Promissory Note	2,765	(11)	—	—	211	200
NexPoint SFR Operating Partnership, L.P.	Promissory Note	500	—	—	—	45	45
NFRO SFR REIT, LLC	Promissory Note	3,432	—	—	—	222	222
NFRO SFR REIT, LLC	Promissory Note	3,883	—	—	—	298	298
NREF OP IV, L.P.	Promissory Note	—	—	—	—	188	188
Semiconductor DST	LLC Units	20,959	—	—	—	379	379
Life Science II DST	LLC Units	9,600	—	—	—	262	262
Capital Acquisitions Partners, LLC	LLC Units	407	—	126	—	—	126
Total		\$ 532,190	\$ (18,829)	\$ 649	\$ 339	\$ 31,128	\$ 13,287

(1) Reflects the change in unrealized gain/(loss) prior to the NHT consolidation.

14. Commitments and Contingencies

Commitments

On December 8, 2022 and in connection with a restructuring of NSP, the Company, together with the NSP Co-Guarantors, as guarantors, entered into a Sponsor Guaranty Agreement in favor of Extra Space pursuant to which the Company and the NSP Co-Guarantors guaranteed obligations of NSP with respect to accrued dividends on NSP's newly created Series D Preferred Stock and two promissory notes in an aggregate principal amount of approximately \$64.2 million issued to Extra Space, which were paid in full on December 8, 2023. The NSP Series D Preferred Stock remains outstanding as of December 31, 2025. As of December 31, 2025, the outstanding NSP Series D Preferred Stock accrued dividends were \$15.0 million. See Note 13 to our consolidated financial statements for additional information.

On October 4, 2024, the Company entered into the Citi Guaranty for the benefit of the Citi Lender under the Citi Loan Agreement, by and among Citi Borrower and the Citi Lender. Pursuant to the Citi Guaranty, the Company guarantees the Guaranteed Obligations (as defined in the Citi Loan Agreement). See Note 13 to our consolidated financial statements for additional information.

The Company is a limited guarantor and an indemnitor on one of the subsidiaries of the Company's loans with an aggregate principal amount of \$39.1 million outstanding, as of December 31, 2025. The obligations include a customary environmental indemnity and a so-called "bad boy" guarantee, which is generally only applicable if and when the borrower directly, or indirectly through an agreement with an affiliate, joint venture partner or other third party, voluntarily files a bankruptcy or similar liquidation or reorganization action or takes other actions that are fraudulent or improper.

The Company is a limited guarantor and an indemnitor on one of the subsidiaries of the Company's loans with an aggregate principal amount of \$38.6 million outstanding, as of December 31, 2025. The obligations include a guaranty of completion, which does not extend to the full repayment of the loan, a customary environmental indemnity, and a so-called "bad boy" guarantee, which is generally only applicable if and when the borrower directly, or indirectly through an agreement with an affiliate, joint venture partner or other third party, voluntarily files a bankruptcy or similar liquidation or reorganization action or takes other actions that are fraudulent or improper.

The Company is a guarantor and an indemnitor on a loan taken by the SPE which owns Cityplace with an aggregate principal amount of \$137.6 million as of December 31, 2025. The obligations include guarantees, which are generally only applicable if and when the borrower, which is a subsidiary of the Company, directly, or indirectly through an agreement with an affiliate, joint venture partner or other third party, voluntarily terminates construction services prior to the completion of the project, files a bankruptcy or similar liquidation or reorganization action or takes other actions that are fraudulent or improper. As of December 31, 2025, management does not anticipate any material deviations from schedule or budget related to construction projects currently in process, and Cityplace is current on all debt payments and in compliance with all debt compliance provisions.

The Company is a guarantor and an indemnitor on a loan from OSL, an entity that may be deemed an affiliate of the Adviser through common beneficial ownership, taken by Freedom LHV which owns White Rock Center. See Note 13 to our consolidated financial statements for additional information.

The Company is a guarantor on a loan made by Federal Home Loan Mortgage Corporation to NexPoint WLIF I Borrower, LLC, with an aggregate principal amount of \$118.5 million outstanding as of December 31, 2025. The obligations include a so-called "bad boy" guarantee, which is generally only applicable if and when the borrower voluntarily files for bankruptcy or similar liquidation or reorganization action or takes other actions that are fraudulent or improper. See Note 13 to our consolidated financial statements for additional information.

A subsidiary of the Company, together with Calida Holdings III, LP, is a guarantor and an indemnitor on a loan taken by the SPE that owns the Tivoli North Property. As of December 31, 2025, the loan had an outstanding balance of \$10.3 million. As a guarantor, it owes the obligations including a guaranty of payment, which is generally applicable without the need for the lender to make any demand upon or pursue any rights or remedies against the borrower or any other loan party. The guarantor's liability is immediate and not contingent on prior actions taken by the lender against other parties. As an indemnitor, it owes customary environmental indemnifications. The Company has not recorded a contingent liability as Tivoli is current on all debt payments and in compliance with all debt compliance provisions.

The Company is a guarantor and an indemnitor on a revolving credit facility entered into by the Company, and two wholly owned subsidiaries with NexBank. See Note 13 to our consolidated financial statements for additional information.

Pursuant to the NSP DST Guaranty, the Company is a guarantor on the NSP DST Loan, a loan made to certain entities that are advised by an affiliate of the Adviser. See Note 13 to our consolidated financial statements for additional information.

The Company is a limited guarantor and indemnitor of a loan held by the SPE that owns Marriott Uptown. As of December 31, 2025, the loan had an outstanding principal balance of \$91.3 million. The obligations include a customary environmental indemnity and a so-called "bad boy" guarantee, which is generally only applicable if and when the borrower directly, or indirectly through an agreement with an affiliate, joint venture partner or other third party, voluntarily files a bankruptcy or similar liquidation or reorganization action or takes other actions that are fraudulent or improper.

[Table of Contents](#)

AMS C-Store JV, LLC

On January 30, 2025, the Company, through one of its subsidiaries, committed to fund \$18.4 million of the preferred units of AMS C-Store JV, LLC with respect to convenience store property developments across Texas. The Company's expected maximum commitment under AMS C-Store JV, LLC is \$18.4 million, of which \$2.1 million was unfunded as of December 31, 2025.

The table below shows the Company's unfunded commitments by investment type as of December 31, 2025 and December 31, 2024 (in thousands):

Investment Type	December 31, 2025	December 31, 2024
	Unfunded Commitments	Unfunded Commitments
Preferred Equity	\$ 2,121	\$ —
Total	\$ 2,121	\$ —

Contingencies

In the normal course of business, the Company is subject to claims, lawsuits, and legal proceedings. While it is not possible to ascertain the ultimate outcome of all such matters, management believes that the aggregate amount of such liabilities, if any, in excess of amounts provided or covered by insurance, will not have a material adverse effect on the Consolidated Balance Sheets or Consolidated Statements of Operations and Comprehensive Income (Loss) of the Company. The Company is not involved in any material litigation nor, to management's knowledge, is any material litigation currently threatened against the Company or its properties or subsidiaries.

Environmental liabilities could have a material adverse effect on the Company's business, assets, cash flows or results of operations. As of December 31, 2025, the Company was not aware of any environmental liabilities. There can be no assurance that material environmental liabilities do not exist.

Claymore, is engaged in ongoing litigation that could result in a possible gain contingency to the Company. The probability, timing, and potential amount of recovery, if any, are unknown.

15. Leases

Lessor Accounting

The following table summarizes the future minimum lease payments to the Company as the lessor under the operating lease obligations at December 31, 2025 (in thousands). These amounts do not reflect future rental revenues from renewal or replacement of existing leases. Reimbursements of operating expenses and variable rent increases are excluded from the table below.

Year:	Operating Leases
2026	\$ 5,810
2027	5,047
2028	2,832
2029	2,087
2030	1,417
Thereafter	1,995
Total	\$ 19,188

There are no tenants that make up greater than 10% of net rental income during the year ended December 31, 2025.

The following table lists the tenants where the rental revenue from the tenants represented 10% or more of total rental income in the Company's Consolidated Statements of Operations and Comprehensive Income (in thousands) for the year ended December 31, 2024:

Tenant	For the Year Ended December 31, 2024	
	Rental Income	
Neiman Marcus Group, LLC	\$	2,180

Ground Lease

The Company has a ground lease situated in Durham County, North Carolina, with a subsidiary of OSL, an entity that may be deemed an affiliate of the Adviser through common beneficial ownership. The lease has a remaining term of 3 years and a discount rate of 4.6% and contains five one-year extension options. As of December 31, 2025, the carrying amount of the right-of-use asset is \$0.5 million, and the lease liability is \$(0.5) million.

The future minimum lease payments under the operating lease as of December 31, 2025 are as follows:

Years Ending December 31,	Minimum Lease Payment	
2026	\$	208
2027		212
2028		217
Total undiscounted lease payments		637
Less: Present Value discount		(91)
Total lease liability	\$	546

For the years ended December 31, 2025 and 2024, the Company recognized lease expense of \$0.2 million and \$0.2 million, respectively, recorded on a straight-line basis over the lease term.

16. Segment Reporting

The Company has two reportable segments: Diversified and Hospitality. For a description of the types of products and services from which these reportable segments derive their revenues, see Notes 1, 2 and 3. The accounting policies of both segments are the same as those described in the Summary of Significant Accounting Policies. The chief operating decision maker primarily assesses performance for the segments and decides how to allocate resources based on segment net income (loss). The measures of segment assets are based on each segment's total assets. The chief operating decision maker uses segment net income (loss) to evaluate profitability in deciding whether to reinvest profits into new or existing investments or into other parts of the entity, such as for dividend amounts. The Company's two reportable segments serve different strategic purposes. The Diversified segment primarily consists of activities focused on investing in various commercial real estate property types and across the capital structure, including but not limited to equity, mortgage debt, mezzanine debt and preferred equity. The majority of the Diversified segment's revenue is comprised of Rental income, Dividend income, and Interest income. The Hospitality segment is focused on operating and renovating its U.S. located hospitality assets that meet its investment objective and criteria. The majority of the Hospitality segment's revenue is comprised of revenue from renting rooms and selling food and beverages. Therefore, the Company has identified Diversified and Hospitality as the two operating segments and the two reportable segments. The Company's chief operating decision maker is the president of the Company.

[Table of Contents](#)

The following table presents measures of the reportable segment measures of profitability, along with significant segment expenses (in thousands):

	For the Year Ended December 31, 2025			For the Year Ended December 31, 2024		
	Diversified	Hospitality	Total	Diversified	Hospitality	Total
Total Revenues	\$ 55,326	\$ 30,639	\$ 85,965	\$ 52,990	\$ 30,232	\$ 83,222
Less:						
Property operating expense	7,081	16,711	23,792	6,517	15,738	22,255
Property management fees	670	880	1,550	734	757	1,491
Real estate taxes and insurance	4,343	1,915	6,258	4,836	1,708	6,544
Advisory and administrative fees	13,175	3,898	17,073	13,286	879	14,165
Property general and administrative expenses	2,475	4,231	6,706	2,878	4,527	7,405
Corporate general and administrative expenses	10,574	1,327	11,901	9,947	2,856	12,803
Depreciation and amortization	13,245	4,494	17,739	11,698	3,902	15,600
Impairment loss	576	1,752	2,328	—	7,110	7,110
Interest expense	14,682	11,922	26,604	17,443	10,909	28,352
Equity in (income) losses of unconsolidated equity method ventures	1,289	—	1,289	(129)	—	(129)
Change in unrealized (gains) losses from non-real estate investments	103,904	—	103,904	1,348	—	1,348
Realized (gains) losses from non-real estate investments	(5,994)	—	(5,994)	21,479	—	21,479
Gain on sales of real estate	—	(37)	(37)	—	—	—
Income tax expense (benefit)	262	(373)	(111)	1,441	(69)	1,372
Net loss	<u>\$ (110,956)</u>	<u>\$ (16,081)</u>	<u>\$ (127,037)</u>	<u>\$ (38,488)</u>	<u>\$ (18,085)</u>	<u>\$ (56,573)</u>

The following table presents total assets for the reportable segments (in thousands):

	As of December 31, 2025			As of December 31, 2024		
	Diversified	Hospitality	Total	Diversified	Hospitality	Total
Total assets	<u>\$ 928,231</u>	<u>\$ 146,421</u>	<u>\$ 1,074,652</u>	<u>\$ 1,039,392</u>	<u>\$ 185,447</u>	<u>\$ 1,224,839</u>

17. Mezzanine Equity

Redeemable Noncontrolling Interests in the OP

The following table sets forth the redeemable noncontrolling interests in the OP for the years ended December 31, 2025 and 2024 (in thousands):

	Year Ended December 31,	
	2025	2024
Redeemable noncontrolling interest in the OP, January 1,	\$ —	\$ —
Redeemable noncontrolling interests from NHT Merger	359	—
Net loss attributable to redeemable noncontrolling interests in the OP	(41)	—
Distributions to redeemable noncontrolling interests in the OP	(9)	—
Redeemable noncontrolling interest in the OP, December 31,	<u>\$ 309</u>	<u>\$ —</u>

Redeemable Series B Preferred Shares

The following table sets forth the redeemable Series B Preferred Shares for the years ended December 31, 2025 and 2024 (in thousands):

	Year Ended December 31,	
	2025	2024
Redeemable Series B Preferred Shares, January 1,	\$ —	\$ —
Subscriptions	20,379	—
Accretion to redemption value	—	—
Redemptions	—	—
Redeemable Series B Preferred Shares, December 31,	\$ 20,379	\$ —

18. Subsequent Events

Issuance of Common Shares to Adviser

On January 16, 2026, the Company issued 212,863.17 common shares to the Adviser as payment of a portion of the monthly Advisory Fees pursuant to the Advisory Agreement.

Distributions Declared

On February 9, 2026, the Board approved a quarterly distribution of \$0.15 per common share, payable on March 31, 2026 to shareholders of record on February 20, 2026. The distribution on the Company's common shares consists of a combination of cash and shares, with the cash component of the distribution (other than cash paid in lieu of fractional shares) not to exceed 20% in the aggregate, with the balance being paid in the Company's common shares. Also on February 9, 2026, the Board approved a quarterly distribution of \$0.34375 per Series A Preferred Share, payable on March 31, 2026 to shareholders of record on March 24, 2026. On March 23, 2026 the Board approved monthly distributions of \$0.1875 per Series B Preferred Share each, payable on May 5, 2026, June 5, 2026 and July 6, 2026 to shareholders of record on April 24, 2026 and May 22, 2026, and June 25, 2026, respectively.

ACORE Debt, NHT

On February 8, 2026, the maturity dates of the Note A Loan and Note B Loan were extended to February 8, 2027. On February 18, 2026, the Company paid down \$2.6 million and \$1.3 million on the Note A Loan and Note B Loan, respectively.

OSL Loan

On February 12, 2026, certain indirect subsidiaries of the Company (the "NHT Borrowers") entered into a Loan Agreement with OSL, pursuant to which OSL made a loan to the NHT Borrowers in the principal amount of \$39,390,000 (the "OSL Loan"), bearing interest at 8.5% per annum and an initial maturity date of February 12, 2029, with certain extension rights. The OSL Loan is secured by mortgages on two hotel properties owned by the NHT Borrowers: (i) Bradenton Hampton Inn & Suites, with an allocated loan amount of \$25,250,000, and (ii) Hyatt Place Park City, with an allocated loan amount of \$14,140,000. The proceeds of the OSL Loan were used to fully repay and extinguish the Company's PC & B Loan secured by the Bradenton Hampton Inn & Suites and Hyatt Place Park City properties.

In connection with the OSL Loan, the OP entered into a Carveout Guaranty (the "OSL Guaranty") for the benefit of OSL, pursuant to which the OP guaranteed certain obligations of the NHT Borrowers. The OSL Guaranty is a non-recourse carve-out guaranty. Generally, the OSL Loan is non-recourse to the NHT Borrowers and the Guarantors' liability is limited to losses, damages, costs and expenses arising from certain "bad acts," including but not limited to any fraud or willful

misconduct of the NHT Borrowers or the OP, intentional damage to or destruction of the properties (including certain physical waste or arson) and misapplication or conversion of tenant security deposits, insurance proceeds, or condemnation awards. The OSL Guaranty becomes a full recourse guaranty covering up to the amount of the outstanding debt, plus accrued interest and other amounts, upon the occurrence of certain events.

Bradenton Property Sale

On March 24, 2026, the Company, through its indirect subsidiary, NXDT Hospitality Holdco, LLC, entered into a Membership Interest Purchase Agreement pursuant to which it agreed to sell 100% of the membership interests in NHT Bradenton, LLC, which owns the Bradenton Hampton Inn & Suites property, to OSL Bradenton Downtown, LLC. OSL Bradenton Downtown, LLC may be deemed an affiliate of the Adviser through common beneficial ownership. The transaction closed on the same date for a total consideration of approximately \$26.3 million in cash, subject to customary closing adjustments.

Cityplace Debt Extension

Effective March 8, 2026, the lender agreed to defer the maturity of the Cityplace debt to May 8, 2026.

Item 9. Changes in and Disagreements with Accountants on Accounting and Financial Disclosures

None.

Item 9A. Controls and Procedures

Evaluation of Disclosure Controls and Procedures

As required by Rule 13a-15(b) and Rule 15d-15(b) under the Exchange Act, our management, including our President and Chief Financial Officer, evaluated, as of December 31, 2025, the effectiveness of our disclosure controls and procedures as defined in Exchange Act Rule 13a-15(e) and Rule 15d-15(e). Based on that evaluation, our President and Chief Financial Officer concluded that our disclosure controls and procedures were effective as of December 31, 2025, to provide reasonable assurance that information required to be disclosed by us in reports filed or submitted under the Exchange Act is recorded, processed, summarized and reported within the time periods specified by the rules and forms of the Exchange Act and is accumulated and communicated to management, including the President and Chief Financial Officer, as appropriate to allow timely decisions regarding required disclosures.

We believe, however, that a controls system, no matter how well designed and operated, cannot provide absolute assurance that the objectives of the controls systems are met, and no evaluation of controls can provide absolute assurance that all control issues and instances of fraud or error, if any, within a company have been detected.

Management's Annual Report on Internal Control over Financial Reporting

Our management is responsible for establishing and maintaining internal control over financial reporting (as that term is defined in Rules 13a-15(f) and 15d-15(f) under the Exchange Act) and for our assessment of the effectiveness of internal control over financial reporting. Our internal control over financial reporting is a process designed under the supervision of our President and our Chief Financial Officer, and effected by our Board, management and other personnel, to provide reasonable assurance regarding the reliability of financial reporting and the preparation of the financial statements for external purposes in accordance with U.S. generally accepted accounting principles.

Because of its inherent limitations, internal control over financial reporting may not prevent or detect misstatements. Also, projections of any evaluation of effectiveness to future periods are subject to the risk that controls may become inadequate because of changes in conditions, or that the degree of compliance with the policies or procedures may deteriorate.

Our management, including our President and Chief Financial Officer, has conducted an assessment regarding the effectiveness of our internal control over financial reporting as of December 31, 2025, based on the framework established in *Internal Control – Integrated Framework* (2013) issued by the Committee of Sponsoring Organizations of the Treadway Commission. Based on our assessment under the criteria described above, management has concluded that our internal control over financial reporting was effective as of December 31, 2025.

Changes in Internal Control over Financial Reporting

There has been no change in our internal control over financial reporting (as such term is defined in Rules 13a-15(f) and 15d-15(f) under the Exchange Act) that occurred during the quarter ended December 31, 2025 that has materially affected, or is reasonably likely to materially affect, our internal control over financial reporting.

Item 9B. Other Information

None.

Item 9C. Disclosure Regarding Foreign Jurisdictions that Prevent Inspections

Not applicable.

PART III

Item 10. Directors, Executive Officers and Corporate Governance

The information required in response to this Item 10 is incorporated herein by reference to our definitive proxy statement to be filed with the SEC pursuant to Regulation 14A promulgated under the Exchange Act not later than 120 days after the end of the fiscal year covered by this Annual Report.

Item 11. Executive Compensation

The information required in response to this Item 11 is incorporated herein by reference to our definitive proxy statement to be filed with the SEC pursuant to Regulation 14A promulgated under the Exchange Act not later than 120 days after the end of the fiscal year covered by this Annual Report.

Item 12. Security Ownership of Certain Beneficial Owner and Management and Related Stockholder Matters

The information required in response to this Item 12 is incorporated herein by reference to our definitive proxy statement to be filed with the SEC pursuant to Regulation 14A promulgated under the Exchange Act not later than 120 days after the end of the fiscal year covered by this Annual Report.

Item 13. Certain Relationships and Related Transactions, and Director Independence

The information required in response to this Item 13 is incorporated herein by reference to our definitive proxy statement to be filed with the SEC pursuant to Regulation 14A promulgated under the Exchange Act not later than 120 days after the end of the fiscal year covered by this Annual Report.

Item 14. Principal Accounting Fees and Services

The information required in response to this Item 14 is incorporated herein by reference to our definitive proxy statement to be filed with the SEC pursuant to Regulation 14A promulgated under the Exchange Act not later than 120 days after the end of the fiscal year covered by this Annual Report.

PART IV**Item 15. Exhibit and Financial Statement Schedules**

- a. The following documents are filed as part of this Report:
 1. *Financial Statements*. See Index to Consolidated Financial Statements and Schedules of NexPoint Diversified Real Estate Trust on page 86 of this Annual Report.
 2. *Financial Statement Schedules*. See Index to Consolidated Financial Statements and Schedules of NexPoint Diversified Real Estate Trust on page 86 of this Annual Report. All other schedules are omitted because they are not required, are inapplicable, or the required information is included in the financial statements or notes thereto.
 3. *Exhibits*. The exhibits filed with this Report are set forth in the Exhibit Index.

EXHIBIT INDEX

Exhibit Number	Description
3.1	<u>Restated Certificate of Trust of NexPoint Diversified Real Estate Trust, effective July 1, 2022 (incorporated by reference to Exhibit 3.1 to the Company's Current Report on Form 8-K filed with the SEC on July 1, 2022).</u>
3.2	<u>Declaration of Trust of NexPoint Diversified Real Estate Trust, dated July 1, 2022 (incorporated by reference to Exhibit 3.2 to the Company's Current Report on Form 8-K filed with the SEC on July 1, 2022).</u>
3.3	<u>Bylaws of NexPoint Diversified Real Estate Trust, dated July 1, 2022 (incorporated by reference to Exhibit 3.3 to the Company's Current Report on Form 8-K filed with the SEC on July 1, 2022).</u>
4.1	<u>Statement of Preferences of 5.50% Series A Cumulative Preferred Shares (incorporated by reference to Exhibit 4.1 to the Company's Annual Report on Form 10-K filed with the SEC on March 31, 2023).</u>
4.2	<u>Statement of Preferences of 9.00% Series B Cumulative Redeemable Preferred Shares (incorporated by reference to Exhibit 3.1 to the Company's Current Report on Form 8-K filed with the SEC on January 30, 2025).</u>
4.3	<u>Description of Registrant's Securities Registered Pursuant to Section 12 of the Exchange Act (incorporated by reference to Exhibit 4.2 to the Company's Annual Report on Form 10-K filed with the SEC on March 31, 2023).</u>
10.1	<u>Advisory Agreement, dated July 1, 2022, by and between the Company and the Adviser (incorporated by reference to Exhibit 10.1 to the Company's Current Report on Form 8-K filed with the SEC on July 1, 2022).</u>
10.2	<u>First Amendment to Advisory Agreement, dated October 25, 2022, by and between the Company and the Adviser (incorporated by reference to Exhibit 10.1 to the Company's Current Report on Form 8-K filed with the SEC on October 26, 2022).</u>
10.3	<u>Second Amendment to Advisory Agreement, dated April 11, 2023, by and between the Company and the Adviser (incorporated by reference to Exhibit 10.1 to the Company's Current Report on Form 8-K filed with the SEC on April 12, 2023).</u>
10.4	<u>Third Amendment to Advisory Agreement, dated July 22, 2024, by and between the Company and the Adviser (incorporated by reference to Exhibit 10.1 to the Company's Current Report on Form 8-K filed with the SEC on July 22, 2024).</u>

Table of Contents

10.5	<u>Fourth Amendment to Advisory Agreement, dated September 19, 2025, by and between the Company and the Adviser (incorporated by reference to Exhibit 10.1 to the Company's Current Report on Form 8-k filed with the SEC on September 19, 2025).</u>
10.6	<u>Second Amended and Restated Limited Partnership Agreement of NexPoint Diversified Real Estate Trust Operating Partnership, L.P., dated April 17, 2025 (incorporated by reference to Exhibit 10.1 to the Company's Current Report on Form 8-K filed with the SEC on April 17, 2025).</u>
10.7†	<u>Amended and Restated NexPoint Diversified Real Estate Trust 2023 Long Term Incentive Plan (incorporated by reference to Exhibit 10.1 to the Company's Current Report on Form 8-K filed with the SEC on June 10, 2025).</u>
10.8†	<u>Form of Restricted Share Units Agreement (Key Employee) for award agreements entered into in 2023 (incorporated by reference to Exhibit 10.8 to the Company's Annual Report on Form 10-K filed with the SEC on March 31, 2025).</u>
10.9†	<u>Form of Restricted Share Units Agreement (Key Employee) for award agreements entered into in 2024 (incorporated by reference to Exhibit 10.10 to the Company's Annual Report on Form 10-K filed with the SEC on March 31, 2025).</u>
10.10†	<u>Form of Restricted Share Units Agreement (Employee) for award agreements entered into in April 2025 (incorporated by reference to Exhibit 10.3 to the Company's Quarterly Report on Form 10-Q filed with the SEC on August 14, 2025).</u>
10.11†	<u>Form of Restricted Share Units Agreement (Trustee) for award agreements entered into in April 2025 (incorporated by reference to Exhibit 10.4 to the Company's Quarterly Report on Form 10-Q filed with the SEC on August 14, 2025).</u>
10.12†	<u>Form of Restricted Share Units Agreement (Employee) for award agreements entered into in June 2025 and after (incorporated by reference to Exhibit 10.5 to the Company's Quarterly Report on Form 10-Q filed with the SEC on August 14, 2025).</u>
10.13†	<u>Form of Restricted Share Units Agreement (Trustee) for award agreements entered into in June 2025 and after (incorporated by reference to Exhibit 10.6 to the Company's Quarterly Report on Form 10-Q filed with the SEC on August 14, 2025).</u>
10.14*	<u>Third Amended and Restated Limited Partnership Agreement of NexPoint Real Estate Finance Operating Partnership, L.P., dated as of November 4, 2025.</u>
10.15	<u>Third Amended and Restated Limited Partnership Agreement of VineBrook Homes Operating Partnership, L.P., dated as of August 3, 2023 (incorporated by reference to Exhibit 10.4 to VineBrook Homes Trust, Inc.'s Current Report on Form 8-K, filed with the SEC on August 4, 2023).</u>
10.16	<u>First Amendment to Third Amended and Restated Limited Partnership Agreement of VineBrook Homes Operating Partnership, L.P., dated as of July 25, 2025 (incorporated by reference to Exhibit 10.5 to VineBrook Homes Trust, Inc.'s Annual Report on Form 10-K, filed with the SEC on March 11, 2025).</u>
10.17	<u>Form of 7.50% Convertible Notes of NexPoint SFR Operating Partnership, L.P., due June 30, 2027 (incorporated by reference to Exhibit 10.4 to VineBrook Homes Trust, Inc.'s Current Report on 8-K, filed with the SEC on June 14, 2022).</u>
10.18	<u>Loan Agreement, dated as of August 15, 2018, by and among CP Tower Owner, LLC and CP Land Owner, LLC, as Borrower, Delphi CRE Funding LLC, AC IV CA Mortgage LLC and the other lenders from time to time party thereto, as Lenders, and Acore Capital Mortgage, LP, as Administrative Agent for the Lenders, as amended through February 8, 2023 (incorporated by reference to Exhibit 10.14 to the Company's Annual Report on Form 10-K filed with the SEC on March 31, 2023).</u>

Table of Contents

10.19	<u>Guaranty of Recourse Obligations, dated August 15, 2018, by the Company and HCRE Partners, LLC, to or for the benefit of Acore Capital Mortgage, LP (incorporated by reference to Exhibit 10.15 to the Company's Annual Report on Form 10-K filed with the SEC on March 31, 2023).</u>
10.20	<u>Completion Guaranty, dated August 15, 2018, by the Company and HCRE Partners, LLC, to or for the benefit of Acore Capital Mortgage, LP (incorporated by reference to Exhibit 10.16 to the Company's Annual Report on Form 10-K filed with the SEC on March 31, 2023).</u>
10.21	<u>Guaranty of Required Equity, Required Pay Down and Master Lease, dated August 15, 2018, by the Company and HCRE Partners, LLC to or for the benefit of Acore Capital Mortgage, LP (incorporated by reference to Exhibit 10.17 to the Company's Annual Report on Form 10-K filed with the SEC on March 31, 2023).</u>
10.22	<u>Joinder Agreement of New Indemnitor, dated as of March 8, 2022, made by the Company and NexPoint Real Estate Advisors, L.P. in favor of Acore Capital Mortgage, LP (incorporated by reference to Exhibit 10.18 to the Company's Annual Report on Form 10-K filed with the SEC on March 31, 2023).</u>
10.23	<u>Omnibus Amendment Agreement, dated as of March 8, 2022, made and entered into by the Company, NexPoint Hospitality Trust and NexPoint Real Estate Advisors, L.P., as Guarantors, the Borrowers party thereto and Acore Capital Mortgage, LP (incorporated by reference to Exhibit 10.19 to the Company's Annual Report on Form 10-K filed with the SEC on March 31, 2023).</u>
10.24	<u>Amended and Restated Sponsor Guaranty Agreement, dated December 8, 2022, by the Company, NREF OP IV REIT Sub, LLC, Highland Income Fund, NexPoint Real Estate Strategies Fund, and NexPoint Storage Partners, Inc., in favor of Extra Space Storage, LP (incorporated by reference to Exhibit 10.20 to the Company's Annual Report on Form 10-K filed with the SEC on March 31, 2023).</u>
10.25	<u>Contribution Agreement, dated December 8, 2022, by and among NexPoint Storage Partners Operating Company, LLC, NFRO REIT Sub II, LLC, GAF REIT, LLC, GAF REIT SUB II, LLC, and NexPoint Real Estate Opportunities, LLC (incorporated by reference to Exhibit 10.21 to the Company's Annual Report on Form 10-K filed with the SEC on March 31, 2023).</u>
10.26	<u>Second Amended and Restated Limited Liability Company Agreement of NexPoint Storage Partners Operating Company, LLC, dated December 8, 2022, as amended (incorporated by reference to Exhibit 10.24 to the Company's Annual Report on Form 10-K filed with the SEC on March 14, 2024).</u>
10.27	<u>Form of Notes of NHT Operating Partnership LLC, due between 2039 and 2042 (incorporated by reference to Exhibit 10.23 to the Company's Annual Report on Form 10-K filed with the SEC on March 31, 2023).</u>
10.28	<u>Form of 2.25% Notes of NHT Operating Partnership LLC, due between 2040 and 2042 (CDOR) (incorporated by reference to Exhibit 10.24 to the Company's Annual Report on Form 10-K filed with the SEC on March 31, 2023).</u>
10.29	<u>Loan Agreement, dated May 22, 2023, by and between NexPoint Diversified Real Estate Trust Operating Partnership, L.P., NexPoint Real Estate Capital, LLC, NexPoint Real Estate Opportunities, LLC and NexBank (incorporated by reference to Exhibit 10.1 to the Company's Current Report on Form 8-K filed with the SEC on May 25, 2023).</u>
10.30	<u>Guaranty Agreement, dated May 22, 2023, by the Company for the benefit of NexBank (incorporated by reference to Exhibit 10.2 to the Company's Current Report on Form 8-K filed with the SEC on May 25, 2023).</u>
10.31	<u>Contribution and Assignment Agreement, dated September 1, 2023, by and between NHF TRS, LLC, NexAnnuity Holdings, Inc., NexLS Holdco, LLC and Specialty Financial Products Designated Activity Company (incorporated by reference to Exhibit 10.1 of the Company's Current Report on Form 8-K filed with the SEC on September 1, 2023).</u>
10.32	<u>Second Amended and Restated Certificate of Incorporation of NexAnnuity Holdings, Inc., dated August 29, 2023 (incorporated by reference to Exhibit 10.2 of the Company's Current Report on Form 8-K filed with the SEC on September 1, 2023).</u>

Table of Contents

10.33	<u>Second Amended and Restated Limited Partnership Agreement of NexPoint SFR Operating Partnership, L.P. dated June 30, 2023 (incorporated by reference to Exhibit 10.1 of the Company's Current Report on Form 8-K, filed with the SEC on June 30, 2023).</u>
10.34	<u>Limited Consent and Twelfth Omnibus Amendment, dated September 8, 2023, by and among CP Tower Owner, LLC, CP Land Owner, LLC, CP Equity Owner, LLC, CP Equity Land Owner, LLC, the Company, NexPoint Real Estate Partners, LLC, Delphi CRE Funding LLC, ACORE Credit IV CLO Issuer 2018-1, LLC and ACORE Capital Mortgage, LP (incorporated by reference to Exhibit 10.3 to the Company's Quarterly Report on Form 10-Q filed with the SEC on November 14, 2023).</u>
10.35	<u>Separation Agreement, dated as of November 11, 2024, by and among NexPoint Advisors, L.P., NexPoint Residential Trust, Inc., NexPoint Real Estate Advisors, L.P., NexPoint Real Estate Finance, Inc., NexPoint Real Estate Advisors VII, L.P., NexPoint Diversified Real Estate Trust, NexPoint Real Estate Advisors X, L.P., VineBrook Homes Trust, Inc., NexPoint Real Estate Advisors V, L.P., NexPoint Homes Trust, Inc., NexPoint Real Estate Advisors XI, L.P., NexPoint Storage Partners, Inc., NexPoint Hospitality Trust and Brian Mitts (incorporated by reference to Exhibit 10.1 to the Company's Current Report on Form 8-K filed with the SEC on November 14, 2024).</u>
10.36	<u>Management Agreement, dated June 1, 2013, by and between Freedom LHV LLC and NexBank Realty Advisors (incorporated by reference to Exhibit 10.34 to the Company's Annual Report on Form 10-K filed with the SEC on March 14, 2024).</u>
10.37	<u>First Amendment to Management Agreement, dated August 20, 2014, by and between Freedom LHV LLC and NexBank Realty Advisors (incorporated by reference to Exhibit 10.35 to the Company's Annual Report on Form 10-K filed with the SEC on March 14, 2024).</u>
10.38	<u>Assignment and Assumption of Property Management Agreement, effective as of January 1, 2020, by and among NexBank Securities, Inc. and NexVest Realty Advisors, LLC (incorporated by reference to Exhibit 10.36 to the Company's Annual Report on Form 10-K filed with the SEC on March 14, 2024).</u>
10.39	<u>Management Agreement, dated January 1, 2014, by and between Freedom Lubbock, LLC and NexBank Realty Advisors (incorporated by reference to Exhibit 10.37 to the Company's Annual Report on Form 10-K filed with the SEC on March 14, 2024).</u>
10.40	<u>First Amendment to Property Management Agreement, dated January 1, 2023, by and between Freedom Lubbock, LLC and NexVest Realty Advisors, LLC (incorporated by reference to Exhibit 10.38 to the Company's Annual Report on Form 10-K filed with the SEC on March 14, 2024).</u>
10.41	<u>Assignment and Assumption of Property Management Agreement, effective as of January 1, 2020, by and among NexBank Securities Inc. and NexVest Realty Advisors, LLC (incorporated by reference to Exhibit 10.39 to the Company's Annual Report on Form 10-K filed with the SEC on March 14, 2024).</u>
10.42	<u>Property Management Agreement, effective as of August 15, 2018, by and between CP Tower Owner, LLC and NexBank Securities, Inc. (incorporated by reference to Exhibit 10.40 to the Company's Annual Report on Form 10-K filed with the SEC on March 14, 2024).</u>
10.43	<u>Assignment and Assumption Agreement, effective as of January 1, 2020, by and among NexBank Securities, Inc. and NexVest Realty Advisors, LLC (incorporated by reference to Exhibit 10.41 to the Company's Annual Report on Form 10-K filed with the SEC on March 14, 2024).</u>
10.44	<u>Omnibus Amendment to Loan Documents, dated November 17, 2023, by and among NexPoint Diversified Real Estate Operating Partnership, L.P., NexPoint Real Estate Capital, LLC and NexPoint Real Estate Opportunities, LLC. (incorporated by reference to Exhibit 10.42 to the Company's Annual Report on Form 10-K filed with the SEC on March 14, 2024).</u>

Table of Contents

10.45	<u>Limited Consent and Thirteenth Omnibus Amendment Agreement, dated March 8, 2024, by and among CP Tower Owner, LLC, CP Land Owner, LLC, CP Equity Owner, LLC and CP Equity Land Owner, LLC, as borrowers, the Company and NexPoint Real Estate Partners, LLC, as guarantors, Delphi CRE Funding LLC, ACORE Credit IV CLO Issuer 2018-1, LLC and ACORE Capital Mortgage, LP, as lenders, and Acore Capital Mortgage, LP, as administrative agent (incorporated by reference to Exhibit 10.1 to the Company's Quarterly Report on Form 10-Q filed with the SEC on May 10, 2024).</u>
10.46	<u>Guaranty Agreement, dated October 4, 2024, by the Company for the benefit of Citi Real Estate Funding Inc. and JPMorgan Chase Bank, N.A. (incorporated by reference to Exhibit 10.1 to the Company's Current Report on Form 8-K filed with the SEC on October 4, 2024).</u>
10.47	<u>Assignment and Assumption and Co-Lender Agreement, dated May 10, 2024, by and among NREF OP IV REIT Sub, LLC, The Ohio State Life Insurance Company and the Company (incorporated by reference to Exhibit 10.51 to the Company's Annual Report on Form 10-K filed with the SEC on March 31, 2025).</u>
10.48	<u>First Amendment to Loan Agreement, dated October 22, 2024, by and among the Company, NexPoint Real Estate Capital, LLC, NexPoint Real Estate Opportunities, LLC and NexBank (incorporated by reference to Exhibit 10.52 to the Company's Annual Report on Form 10-K filed with the SEC on March 31, 2025).</u>
10.49	<u>Second Amendment to Loan Agreement, by and among NexPoint Diversified Real Estate Trust Operating Partnership, L.P., NexPoint Real Estate Capital, LLC, NexPoint Real Estate Opportunities, LLC and NexBank (incorporated by reference to Exhibit 10.2 to the Company's Quarterly Report on Form 10-Q filed with the SEC on May 15, 2025).</u>
10.50	<u>Dealer Manager Agreement, by and between NexPoint Diversified Real Estate Trust and NexPoint Securities, Inc., dated January 30, 2025 (incorporated by reference to Exhibit 1.1 to the Company's Current Report on Form 8-K filed with the SEC on January 30, 2025).</u>
10.51*	<u>Amended and Restated Guaranty Agreement, dated February 13, 2026, by and among the Company, NexPoint Storage Partners, Inc. and NexPoint Storage Partners Operating Company, LLC for the benefit of NSP DST Lender.</u>
10.52*	<u>Loan Agreement, dated February 12, 2026, by and among NHT Bradenton, LLC, NHT Park City, LLC, NHT Bradenton TRS, LLC, NHT Park City TRS, LLC and The Ohio Life Insurance Company.</u>
10.53*	<u>Carveout Guaranty, dated February 12, 2026, by and among the Company, NHT Bradenton, LLC, NHT Bradenton TRS, LLC, NHT Park City, LLC, and NHT Park City TRS, LLC, for the benefit of OSL Lender.</u>
19.1*	<u>Insider Trading Policy</u>
21.1*	<u>List of Subsidiaries of the Registrant</u>
23.1*	<u>Consent of KPMG LLP</u>
31.1*	<u>Certification of Principal Executive Officer pursuant to Section 302 of the Sarbanes-Oxley Act of 2002</u>
31.2*	<u>Certification of Principal Financial Officer pursuant to Section 302 of the Sarbanes-Oxley Act of 2002</u>
32.1+	<u>Certification of Principal Executive Officer and Principal Financial Officer pursuant to 18 U.S.C. Section 1350, as adopted pursuant to Section 906 of the Sarbanes-Oxley Act of 2002</u>
97.1	<u>Clawback Policy (incorporated by reference to Exhibit 10.1 of the Company's Current Report on Form 8-K filed with the SEC on November 7, 2023).</u>
101.INS*	Inline XBRL Instance Document (The instance document does not appear in the interactive data file because its XBRL tags are embedded within the inline XBRL document)
101.SCH*	Inline XBRL Taxonomy Extension Schema
101.CAL*	Inline XBRL Taxonomy Extension Calculation Linkbase

[Table of Contents](#)

101.DEF*	Inline XBRL Taxonomy Extension Definition Linkbase
101.LAB*	Inline XBRL Taxonomy Extension Label Linkbase
101.PRE*	Inline XBRL Taxonomy Extension Presentation Linkbase
104	Cover Page Interactive Data File (formatted as Inline XBRL and contained in Exhibit 101)

* Filed herewith.

+ Furnished herewith.

Item 16. Form 10-K Summary

Not required.

SIGNATURES

Pursuant to the requirements of Section 13 or 15(d) of the Securities Exchange Act of 1934, the registrant has duly caused this report to be signed on its behalf by the undersigned, thereunto duly authorized.

March 31, 2026	NEXPOINT DIVERSIFIED REAL ESTATE TRUST <u>/s/ Jim Dondero</u> Jim Dondero President (Principal Executive Officer)
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Pursuant to the requirements of the Securities Exchange Act of 1934, this report has been signed below by the following persons on behalf of the registrant and in the capacities and on the dates indicated.

Signature	Title	Date
<u>/s/ Jim Dondero</u> Jim Dondero	President and Trustee (Principal Executive Officer)	March 31, 2026
<u>/s/ Paul Richards</u> Paul Richards	Chief Financial Officer, Executive VP-Finance, Treasurer, and Assistant Secretary (Principal Financial Officer and Principal Accounting Officer)	March 31, 2026
<u>/s/ Brian Mitts</u> Brian Mitts	Trustee	March 31, 2026
<u>/s/ Ed Constantino</u> Ed Constantino	Trustee	March 31, 2026
<u>/s/ Scott Kavanaugh</u> Scott Kavanaugh	Trustee	March 31, 2026
<u>/s/ Arthur Laffer</u> Arthur Laffer	Trustee	March 31, 2026
<u>/s/ Carol Swain</u> Carol Swain	Trustee	March 31, 2026
<u>/s/ Catherine Wood</u> Catherine Wood	Trustee	March 31, 2026

THIRD AMENDED AND RESTATED
LIMITED PARTNERSHIP AGREEMENT
OF
NEXPOINT REAL ESTATE FINANCE OPERATING PARTNERSHIP, L.P.
a Delaware limited partnership

THE SECURITIES EVIDENCED HEREBY HAVE NOT BEEN REGISTERED UNDER THE SECURITIES ACT OF 1933, AS AMENDED (THE "SECURITIES ACT"), OR THE SECURITIES LAWS OF ANY STATE AND MAY NOT BE SOLD, TRANSFERRED OR OTHERWISE DISPOSED OF IN THE ABSENCE OF SUCH REGISTRATION, UNLESS THE TRANSFEROR DELIVERS TO THE PARTNERSHIP AN OPINION OF COUNSEL, IN FORM AND SUBSTANCE SATISFACTORY TO THE PARTNERSHIP, TO THE EFFECT THAT THE PROPOSED SALE, TRANSFER OR OTHER DISPOSITION MAY BE EFFECTED WITHOUT REGISTRATION UNDER THE SECURITIES ACT AND UNDER APPLICABLE STATE SECURITIES OR "BLUE SKY" LAWS.

AMENDED AND RESTATED AS OF NOVEMBER 4, 2025

TABLE OF CONTENTS

	Page
ARTICLE 1. DEFINED TERMS	1
ARTICLE 2. ORGANIZATIONAL MATTERS	15
Section 2.1. Continuation	15
Section 2.2. Name	15
Section 2.3. Registered Office and Agent; Principal Office	15
Section 2.4. Power of Attorney	15
Section 2.5. Term	16
Section 2.6. Admission of Partners	17
ARTICLE 3. PURPOSE	17
Section 3.1. Purpose and Business	17
Section 3.2. Powers	17
Section 3.3. Representations and Warranties by the Parties	18
Section 3.4. Not Publicly Traded	19
ARTICLE 4. CAPITAL CONTRIBUTIONS	20
Section 4.1. Capital Contributions of the Partners	20
Section 4.2. Issuances of Additional Partnership Interests	20
Section 4.3. Additional Funds	21
Section 4.4. Preemptive Rights	22
Section 4.5. No Interest	22
Section 4.6. LTIP Units	22
Section 4.7. Conversion of LTIP Units	24
ARTICLE 5. DISTRIBUTIONS	26
Section 5.1. Requirement and Characterization of Distributions	26
Section 5.2. Amounts Withheld	26
Section 5.3. Distributions Upon Liquidation	26
Section 5.4. Restricted Distributions	26
Section 5.5. Compliance with REIT Requirements	27
ARTICLE 6. ALLOCATIONS	27
Section 6.1. Allocations For Capital Account Purposes	27
ARTICLE 7. MANAGEMENT AND OPERATIONS OF BUSINESS	29
Section 7.1. Management	29
Section 7.2. Certificate of Limited Partnership	33
Section 7.3. Restrictions on General Partner Authority	33
Section 7.4. Reimbursement of the General Partner and the Company	33
Section 7.5. Outside Activities of the General Partner	34
Section 7.6. Contracts with Affiliates	35
Section 7.7. Indemnification	35
Section 7.8. Liability of the General Partner	37
Section 7.9. Other Matters Concerning the General Partner	38
Section 7.10. Title to Partnership Assets	39

Section 7.11.	Reliance by Third Parties	39
Section 7.12.	Board of Directors of the Partnership	39
ARTICLE 8. RIGHTS AND OBLIGATIONS OF LIMITED PARTNERS		41
Section 8.1.	Limitation of Liability	41
Section 8.2.	Management of Business	41
Section 8.3.	Outside Activities of Limited Partners	42
Section 8.4.	Return of Capital	42
Section 8.5.	Rights of Limited Partners Relating to the Partnership	42
Section 8.6.	Redemption Right	43
ARTICLE 9. BOOKS, RECORDS, ACCOUNTING AND REPORTS		46
Section 9.1.	Records and Accounting	46
Section 9.2.	Fiscal Year	46
Section 9.3.	Reports	46
ARTICLE 10. TAX MATTERS		47
Section 10.1.	Preparation of Tax Returns	47
Section 10.2.	Tax Elections	47
Section 10.3.	Partnership Representative	47
Section 10.4.	Withholding	48
ARTICLE 11. TRANSFERS AND WITHDRAWALS		49
Section 11.1.	Transfer	49
Section 11.2.	Transfer of General Partner Interest	50
Section 11.3.	Limited Partners' Rights to Transfer	51
Section 11.4.	Substituted Limited Partners	52
Section 11.5.	Assignees	53
Section 11.6.	Drag-Along Rights	53
Section 11.7.	General Provisions	55
ARTICLE 12. ADMISSION OF PARTNERS		55
Section 12.1.	Admission of Successor General Partner	55
Section 12.2.	Admission of Additional Limited Partners	56
Section 12.3.	Amendment of Agreement and Certificate of Limited Partnership	56
ARTICLE 13. DISSOLUTION, LIQUIDATION AND TERMINATION		57
Section 13.1.	Dissolution	57
Section 13.2.	Winding Up	57
Section 13.3.	Deficit Capital Account Restoration Obligation	59
Section 13.4.	Deemed Contribution and Distribution	59
Section 13.5.	Rights of Limited Partners	59
Section 13.6.	Notice of Dissolution	60
Section 13.7.	Termination of Partnership and Cancellation of Certificate of Limited Partnership	60
Section 13.8.	Reasonable Time for Winding Up	60
Section 13.9.	Waiver of Partition	60
ARTICLE 14. AMENDMENT OF PARTNERSHIP AGREEMENT; MEETINGS		60

Section 14.1.	Amendment of Partnership Agreement	60
Section 14.2.	Meetings of the Partners	61
ARTICLE 15. GENERAL PROVISIONS		62
Section 15.1.	Addresses and Notice	62
Section 15.2.	Titles and Captions	62
Section 15.3.	Pronouns and Plurals	62
Section 15.4.	Further Action	62
Section 15.5.	Binding Effect	62
Section 15.6.	Creditors	62
Section 15.7.	Waiver	63
Section 15.8.	Counterparts	63
Section 15.9.	Applicable Law; Consent to Jurisdiction; Waiver of Jury Trial	63
Section 15.10.	Invalidity of Provisions	63
Section 15.11.	Entire Agreement	64
Section 15.12.	Legal Counsel Relationships	64
Exhibit A – Capital Account Maintenance	A-1	
Exhibit B – Special Allocation Rules	B-1	
Exhibit C – Notice of Redemption	C-1	
Exhibit D – Constructive Ownership Definition	D-1	
Exhibit E – Schedule of Partner’s Ownership with Respect to Tenants	E-1	
Exhibit F – Notice of Election by Partner to Convert LTIP Units into Class C Common Units	F-1	
Exhibit G – Notice of Election by Partnership to Force Conversion of LTIP Units into Class C Common Units	G-1	
Annex A – Designation of Classes of Common Units	Annex A-1	
Annex B – Designation of the Series A Preferred Units	Annex B-1	
Annex C – Designation of the Series B Preferred Units	Annex C-1	
Annex D – Designation of the Series C Preferred Units	Annex D-1	

THIRD AMENDED AND RESTATED
LIMITED PARTNERSHIP AGREEMENT
OF
NEXPOINT REAL ESTATE FINANCE
OPERATING PARTNERSHIP, L.P.

THIS THIRD AMENDED AND RESTATED LIMITED PARTNERSHIP AGREEMENT (as now or hereafter amended, restated, modified, supplemented, or replaced, this "Agreement") of NexPoint Real Estate Finance Operating Partnership, L.P. (the "Partnership"), dated as of November 4, 2025, is entered into by and among NexPoint Real Estate Finance OP GP, LLC, a Delaware limited liability company (the "General Partner") and the Persons who are admitted from time to time as limited partners in accordance with this Agreement and who have not subsequently withdrawn (the "Limited Partners"), such persons being identified on the books and records of the Partnership.

WHEREAS, the Partnership was formed on June 7, 2019 and the original agreement of limited partnership of the Partnership was entered into effective as of June 10, 2019 (the "Original Agreement");

WHEREAS, the Original Agreement was amended and restated effective as of February 11, 2020 (the "First A&R Agreement") and the First A&R Agreement was subsequently amended by (i) that certain First Amendment thereto, dated as of July 20, 2020, (ii) that certain Second Amendment thereto, dated as of July 24, 2020, (iii) that certain Third Amendment thereto, dated as of September 30, 2020, (iv) that certain Fourth Amendment thereto, dated as of October 26, 2020, and (v) that certain Fifth Amendment thereto, dated as of March 31, 2021 and subsequently amended and restated effective as of September 8, 2021 (the "Second A&R Agreement") and the Second A&R Agreement was subsequently amended by (i) that certain First Amendment thereto dated as of November 2, 2023 and (ii) that certain Second Amendment thereto, dated as of October 1, 2025; and

WHEREAS, the General Partner and the Limited Partners desire to amend and restate the Second A&R Agreement, as amended, in its entirety as set forth herein.

NOW THEREFORE, in consideration of the mutual covenants herein contained, and other valuable consideration, the receipt and sufficiency of which is hereby acknowledged, the parties hereto hereby agree as follows:

ARTICLE 1.

DEFINED TERMS

The following definitions shall be for all purposes, unless otherwise clearly indicated to the contrary, applied to the terms used in this Agreement.

"704(c) Value" of any Contributed Property means the fair market value of such property or other consideration at the time of contribution, as determined by the General Partner, following the direction and approval of the Board of Directors, using such

reasonable method of valuation as it may adopt. Subject to Exhibit A hereof, the General Partner shall, following the direction and approval of the Board of Directors, use such method as it deems reasonable and appropriate to allocate the aggregate of the 704(c) Values of Contributed Properties in a single or integrated transaction among the separate properties on a basis proportional to their respective fair market values.

“Act” means the Delaware Revised Uniform Limited Partnership Act, 6 Del. C. §17-101, et seq., as it may be amended from time to time, and any successor to such statute.

“Additional Funds” has the meaning set forth in Section 4.3(A).

“Additional Limited Partner” means a Person admitted to the Partnership as a Limited Partner pursuant to Section 12.2 hereof and who is shown as such on the books and records of the Partnership.

“Adjusted Capital Account” means the Capital Account maintained for each Partner as of the end of each Partnership taxable year (i) increased by any amounts which such Partner is obligated to restore pursuant to any provision of this Agreement or is deemed to be obligated to restore pursuant to Regulations Sections 1.704-2(g)(1) and 1.704-2(i)(5) and (ii) decreased by the items described in Regulations Sections 1.704-1(b)(2)(ii)(d)(4), 1.704-1(b)(2)(ii)(d)(5), and 1.704-1(b)(2)(ii)(d)(6). The foregoing definition of Adjusted Capital Account is intended to comply with the provisions of Regulations Section 1.704-1(b)(2)(ii)(d) and shall be interpreted consistently therewith.

“Adjusted Capital Account Deficit” means, with respect to any Partner, the deficit balance, if any, in such Partner’s Adjusted Capital Account as of the end of the relevant Partnership taxable year.

“Adjusted Property” means any property, the Carrying Value of which has been adjusted pursuant to Exhibit A hereof.

“Adjustment Event” has the meaning set forth in Section 4.6(A)(1) hereof.

“Affiliate” means, with respect to any Person, any Person directly or indirectly controlling, controlled by or under common control with such Person. For purposes of this definition, “control” when used with respect to any Person means the possession, directly or indirectly, of the power to direct or cause the direction of the management and policies of such Person, whether through the ownership of voting securities, by contract or otherwise, and the terms “controlling” and “controlled” have meanings correlative to the foregoing.

“Agreed Value” means (i) in the case of any Contributed Property as of the time of its contribution to the Partnership, the 704(c) Value of such property, reduced by any liabilities either assumed by the Partnership upon such contribution or to which such property is subject when contributed, and (ii) in the case of any property distributed to a Partner by the Partnership, the Partnership’s Carrying Value of such property at the time such property is distributed, reduced by any indebtedness either assumed by such Partner upon such distribution or to which such property is subject at the time of

distribution as determined under Section 752 of the Code and the Regulations thereunder.

“Agreement” has the meaning set forth in the recitals hereto.

“Aggregate Consideration” has the meaning set forth in Section 11.6(C).

“Approved Sale” means a Sale of the Partnership which is approved by the Partners holding, collectively, more than 50% of the issued and outstanding Partnership Interests.

“Approving Partners” has the meaning set forth in Section 11.6(A).

“Assignee” means a Person to whom all or a portion of a Partnership Interest has been transferred in a manner permitted under this Agreement, but who has not become a Substituted Limited Partner, and who has the rights set forth in Section 11.5.

“Available Cash” means, with respect to any period for which such calculation is being made, all cash balances of the Partnership net of the Partnership’s working capital needs, anticipated capital expenditures, operating expenses, debt service requirements and other necessary reserves including with respect to contingencies or commitments, each as determined by the General Partner, following the direction and approval of the Board of Directors.

“Bankruptcy Event” shall mean, with respect to any Person, such Person (a) is insolvent, or is generally unable to pay its debts as they become due, or admits in writing its inability to pay its debts as they become due, or makes a general assignment for the benefit of its creditors or (b) becomes the subject of a bankruptcy or insolvency proceeding, or has had a receiver, conservator, trustee, administrator, custodian, assignee for the benefit of creditors or similar person charged with the reorganization or liquidation of its business appointed for it, or has taken any action in furtherance of, or indicating its consent to, approval of, or acquiescence in, any such proceeding or appointment.

“Board of Directors” means the Board of Directors of the Company.

“Book-Tax Disparities” means, with respect to any item of Contributed Property or Adjusted Property, as of the date of any determination, the difference between the Carrying Value of such Contributed Property or Adjusted Property and the adjusted basis thereof for federal income tax purposes as of such date. A Partner’s share of the Partnership’s Book-Tax Disparities in all of its Contributed Property and Adjusted Property will be reflected by the difference between such Partner’s Capital Account balance as maintained pursuant to Exhibit A and the hypothetical balance of such Partner’s Capital Account computed as if it had been maintained strictly in accordance with federal income tax accounting principles.

“Book-Up Target” for a Profits LTIP Unit means (i) initially, the Company Common Unit Economic Balance as determined on the date such Profits LTIP Unit was granted

less any Capital Contributions (if any) made by the Partner with respect to such Profits LTIP Unit and (ii) thereafter, the remaining amount, if any, required to be allocated to such Profits LTIP Unit for the Economic Capital Account Balance of the holder of such Profits LTIP Unit, to the extent attributable to such Profits LTIP Unit, to be equal to the Company Common Unit Economic Balance.

“Business Day” means any day except a Saturday, Sunday or other day on which commercial banks in New York, New York are authorized or required by law to close.

“Capital Account” means the Capital Account maintained for a Partner pursuant to Exhibit A hereof.

“Capital Contribution” means, with respect to any Partner, any cash, cash equivalents or the Agreed Value of Contributed Property which such Partner contributes or is deemed to contribute to the Partnership.

“Capital LTIP Unit” has the meaning set forth in Section 4.6(A).

“Carrying Value” means (i) with respect to a Contributed Property or Adjusted Property, the 704(c) Value of such property, reduced (but not below zero) by all Depreciation with respect to such property charged to the Partners’ Capital Accounts following the contribution of or adjustment with respect to such property; and (ii) with respect to any other Partnership property, the adjusted basis of such property for federal income tax purposes, all as of the time of determination. The Carrying Value of any property shall be adjusted from time to time in accordance with Exhibit A hereof, and to reflect changes, additions or other adjustments to the Carrying Value for dispositions and acquisitions of Partnership properties, as deemed appropriate by the General Partner, following the direction and approval of the Board of Directors.

“Cash Amount” means an amount of cash equal to the Value on the Valuation Date of the REIT Shares Amount.

“Certificate” means the Certificate of Limited Partnership of the Partnership as filed in the office of the Delaware Secretary of State on June 7, 2019, as amended, restated and/or supplemented from time to time in accordance with the terms hereof and the Act.

“Charter” means the Articles of Amendment and Restatement of the Company filed with the State Department of Assessments and Taxation of the State of Maryland on February 3, 2020, as amended, restated and/or supplemented from time to time.

“Class A Common Unitholder” means a Partner that holds Class A Common Units.

“Class A Common Units” means a Common Unit which is designated as a “Class A Common Unit” and which has the rights, preferences and other privileges designated in Annex A hereto and elsewhere in this Agreement in respect of holders of Common Units.

“Class B Common Unitholder” means a Partner that holds Class B Common Units.

“Class B Common Units” means a Common Unit which is designated as a “Class B Common Unit” and which has the rights, preferences and other privileges designated in Annex A hereto and elsewhere in this Agreement in respect of holders of Common Units.

“Class C Common Unitholder” means a Partner that holds Class C Common Units.

“Class C Common Units” means a Common Unit which is designated as a “Class C Common Unit” and which has the rights, preferences and other privileges designated in Annex A hereto and elsewhere in this Agreement in respect of holders of Common Units.

“Code” means the Internal Revenue Code of 1986, as amended and in effect from time to time, as interpreted by the applicable regulations thereunder.

“Common Units” means the Partnership Units, other than LTIP Units, Series A Preferred Units, Series B Preferred Units, Series C Preferred Units or any other class or series of units of Limited Partner Interest issued in the future and designated as preferred or otherwise different from the Common Units, such difference including, but not limited to, with respect to the payment of distributions, including distributions upon liquidation. Common Units includes the Class A Common Units, Class B Common Units and Class C Common Units.

“Company” means NexPoint Real Estate Finance, Inc., a Maryland corporation.

“Company Common Unit Economic Balance” means (i) the Economic Capital Account Balance of the Company but only to the extent attributable to the Company’s ownership of Common Units and computed on a hypothetical basis after taking into account all allocations through the date on which any allocation is made under Section 1(H) of Exhibit B divided by (ii) the number of the Company’s Common Units.

“Constructive Ownership” or “Constructively Own” means ownership under the constructive ownership rules described in Exhibit D.

“Contributed Property” means each property or other asset, in such form as may be permitted by the Act (but excluding cash), contributed or deemed contributed to the Partnership. Once the Carrying Value of a Contributed Property is adjusted pursuant to Exhibit A hereof, such property shall no longer constitute a Contributed Property for purposes of Exhibit A hereof, but shall be deemed an Adjusted Property for such purposes.

“Conversion Date” has the meaning set forth in Section 4.7(B).

“Conversion Factor” means 1.0, subject to adjustment as follows: (i) in case the Company shall (A) make a distribution on the outstanding REIT Shares in REIT Shares, (B) subdivide or reclassify the outstanding REIT Shares into a greater number of REIT Shares, or (C) combine or reclassify the outstanding REIT Shares into a smaller number of REIT Shares, the Conversion Factor in effect at the opening of business on the day

following the date fixed for the determination of shareholders entitled to receive such distribution or subject to such subdivision, combination or reclassification shall be proportionately adjusted so that a holder of Partnership Units shall be entitled to receive, upon exchange thereof, the number of REIT Shares which the holder would have owned at the opening of business on the day following the date fixed for such determination had such Partnership Units been exchanged immediately prior to such determination; (ii) in case the Partnership shall subdivide or reclassify the outstanding Partnership Units into a greater number of Partnership Units, the Conversion Factor in effect at the opening of business on the day following the date fixed for the determination of Partnership Unit holders subject to such subdivision or reclassification shall be proportionately adjusted so that a holder of Partnership Units shall be entitled to receive, upon exchange thereof, the number of REIT Shares which the holder would have owned at the opening of business on the day following the date fixed for such determination had such Partnership Units been exchanged immediately prior to such determination; (iii) in case the Company (A) shall issue rights or warrants to all holders of REIT Shares entitling them to subscribe for or purchase REIT Shares at a price per share less than the daily market price per REIT Share on the date fixed for the determination of shareholders entitled to receive such rights or warrants, (B) shall not issue similar rights or warrants to all holders of Partnership Units entitling them to subscribe for or purchase REIT Shares or Partnership Units at a comparable price (determined, in the case of Partnership Units, by reference to the Conversion Factor), and (C) cannot issue such rights or warrants to a Redeeming Partner as otherwise required by the definition of "REIT Shares Amount" set forth in this Article 1, then the Conversion Factor in effect at the opening of business on the day following the date fixed for such determination shall be increased by multiplying such Conversion Factor by a fraction of which the numerator shall be the number of REIT Shares outstanding at the close of business on the date fixed for such determination plus the number of REIT Shares so offered for subscription or purchase, and of which the denominator shall be the number of REIT Shares outstanding at the close of business on the date fixed for such determination plus the number of REIT Shares which the aggregate offering price of the total number of REIT Shares so offered for subscription would purchase at such daily market price per share, such increase to the Conversion Factor to become effective immediately after the opening of business on the day following the date fixed for such determination; and (iv) in case the Company shall, by distribution or otherwise, distribute to all holders of its REIT Shares, (A) capital shares of any class other than its REIT Shares, (B) evidence of its indebtedness or (C) assets (excluding any rights or warrants referred to in clause (iii) above, any cash distribution lawfully paid under the laws of the state of organization of the Company, and any distribution referred to in clause (i) above) and shall not cause a corresponding distribution to be made to all holders of Partnership Units, the Conversion Factor shall be adjusted so that the same shall equal the ratio determined by multiplying the Conversion Factor in effect immediately prior to the close of business on the date fixed for the determination of shareholders entitled to receive such distribution by a fraction of which the numerator shall be the daily market price per REIT Share on the date fixed for such determination, and of which the denominator shall be such daily market price per REIT Share less the fair market value (as determined by the Board of Directors, whose determination shall be conclusive and described in a resolution of the Board of Directors certified by the Secretary of the

Company and delivered to the holders of the Partnership Units) of the portion of the capital shares or evidences of indebtedness or assets so distributed applicable to one REIT Share, such adjustment to become effective immediately prior to the opening of business on the day following the date fixed for the determination of shareholders entitled to receive such distribution.

“Conversion Notice” has the meaning set forth in Section 4.7(B) hereof.

“Conversion Right” has the meaning set forth in Section 4.7(A) hereof.

“Covered Person” has the meaning set forth in Section 7.8(A).

“Debt” means, as to any Person, as of any date of determination, (i) all indebtedness of such Person for borrowed money or for the deferred purchase price of property or services, (ii) all amounts owed by such Person to banks or other Persons in respect of reimbursement obligations under letters of credit, surety bonds and other similar instruments guaranteeing payment or other performance of obligations by such Person, (iii) all indebtedness for borrowed money or for the deferred purchase price of property or services secured by any lien on any property owned by such Person, to the extent attributable to such Person’s interest in such property, even though such Person has not assumed or become liable for the payment thereof, and (iv) obligations of such Person incurred in connection with entering into a lease which, in accordance with GAAP, should be capitalized.

“Delaware Courts” has the meaning set forth in Section 15.10(B) hereof.

“Depreciation” means, for each taxable year, an amount equal to the federal income tax depreciation, amortization, or other cost recovery deduction allowable with respect to an asset for such year, except that if the Carrying Value of an asset differs from its adjusted basis for federal income tax purposes at the beginning of such year or other period, Depreciation shall be an amount which bears the same ratio to such beginning Carrying Value as the federal income tax depreciation, amortization, or other cost recovery deduction for such year bears to such beginning adjusted tax basis; provided, however, that if the federal income tax depreciation, amortization, or other cost recovery deduction for such year is zero, Depreciation shall be determined with reference to such beginning Carrying Value using any reasonable method selected by the General Partner.

“Economic Capital Account Balance”, with respect to a Partner, means an amount equal to such Partner’s Capital Account balance, plus the amount of its share of any Partner Minimum Gain and Partnership Minimum Gain.

“Eligible LTIP Unit” has the meaning set forth in Section 4.7(A).

“Equity Incentive Plan” means any equity incentive or compensation plan adopted now or in the future by the Company and/or the Partnership.

“ERISA” means the Employee Retirement Income Security Act of 1974, as amended and in effect from time to time, as interpreted by the applicable regulations

thereunder. Any reference herein to a specific section or Title of ERISA shall be deemed to include a reference to any corresponding provision of future law.

“Exchange Act” means the Securities Exchange Act of 1934, as amended.

“First A&R Agreement” has the meaning set forth in the recitals hereto.

“Flow Through Entity” has the meaning set forth in Section 3.3(D)(3) hereof.

“Forced Conversion” has the meaning set forth in Section 4.7(C) hereof.

“Forced Conversion Notice” has the meaning set forth in Section 4.7(C) hereof.

“GAAP” means U.S. generally accepted accounting principles, applied on a consistent basis.

“General Partner” has the meaning set forth in the recitals hereto.

“General Partner Interest” means a Partnership Interest held by the General Partner, in its capacity as general partner of the Partnership. A General Partner Interest may be (but is not required to be) expressed as a number of Partnership Units.

“Incapacity” or “Incapacitated” means, (i) as to any individual Partner, death, total physical disability or entry by a court of competent jurisdiction adjudicating him incompetent to manage his Person or his estate; (ii) as to any corporation which is a Partner, the filing of a certificate of dissolution, or its equivalent, for the corporation or the revocation of its charter; (iii) as to any partnership or limited liability company which is a Partner, the dissolution and commencement of winding up of the partnership or limited liability company; (iv) as to any estate which is a Partner, the distribution by the fiduciary of the estate’s entire interest in the Partnership; (v) as to any trustee of a trust which is a Partner, the termination of the trust (but not the substitution of a new trustee); or (vi) as to any Partner, the bankruptcy of such Partner. For purposes of this definition, bankruptcy of a Partner shall be deemed to have occurred when (a) the Partner commences a voluntary proceeding seeking liquidation, reorganization or other relief under any bankruptcy, insolvency or other similar law now or hereafter in effect; (b) the Partner is adjudged as bankrupt or insolvent, or a final and non-appealable order for relief under any bankruptcy, insolvency or similar law now or hereafter in effect has been entered against the Partner; (c) the Partner executes and delivers a general assignment for the benefit of the Partner’s creditors; (d) the Partner files an answer or other pleading admitting or failing to contest the material allegations of a petition filed against the Partner in any proceeding of the nature described in clause (b) above; (e) the Partner seeks, consents to or acquiesces in the appointment of a trustee, receiver or liquidator for the Partner or for all or any substantial part of the Partner’s properties; (f) any proceeding seeking liquidation, reorganization or other relief of or against such Partner under any bankruptcy, insolvency or other similar law now or hereafter in effect has not been dismissed within 120 days after the commencement thereof; (g) the appointment without the Partner’s consent or acquiescence of a trustee, receiver or liquidator has not been vacated or stayed within 90 days of such appointment; or (h) an appointment referred to

in clause (g) which has been stayed is not vacated within 90 days after the expiration of any such stay.

“Indemnatee” means (i) any Person made a party to a proceeding by reason of (A) his or its status as the General Partner, or as a trustee, director, officer, shareholder, partner, member, employee, representative or agent of the General Partner or as an officer, employee, representative or agent of the Partnership or as the Partnership Representative, or (B) his, her or its liabilities, pursuant to a loan guarantee or otherwise, for any indebtedness of the Partnership or any Subsidiary of the Partnership (including, without limitation, any indebtedness which the Partnership or any Subsidiary of the Partnership has assumed or taken assets subject to); and (ii) such other Persons (including Affiliates of the General Partner or the Partnership) as the General Partner may designate from time to time (whether before or after the event giving rise to potential liability) following the direction and approval of the Board of Directors.

“Limited Partner” has the meaning set forth in the recitals hereto, including any Substituted Limited Partner or Additional Limited Partner, in such Person’s capacity as a limited partner of the Partnership. For purposes of this Agreement and the Act, the Limited Partners shall constitute a single class or group of limited partners.

“Limited Partner Interest” means a Partnership Interest of a Limited Partner in the Partnership representing a fractional part of the Partnership Interests of all Limited Partners and includes any and all benefits to which the holder of such a Partnership Interest may be entitled, as provided in this Agreement, together with all obligations of such Person to comply with the terms and provisions of this Agreement. A Limited Partner Interest may be (but is not required to be) expressed as a number of Partnership Units.

“Liquidating Event” has the meaning set forth in Section 13.1.

“Liquidating Gains” means any net gain realized in connection with the actual or hypothetical sale of all or substantially all of the assets of the Partnership (including upon the occurrence of any event of liquidation of the Partnership), including but not limited to the net gain realized in connection with an adjustment to the Carrying Value of Partnership assets under Section 1.D of Exhibit A attached hereto.

“Liquidating Losses” means any net loss realized in connection with the actual or hypothetical sale of all or substantially all of the assets of the Partnership (including upon the occurrence of any event of liquidation of the Partnership), including but not limited to the net loss realized in connection with an adjustment to the Carrying Value of Partnership assets under Section 1.D of Exhibit A attached hereto.

“Liquidator” has the meaning set forth in Section 13.2.

“LTIP Unitholder” means a Partner that holds LTIP Units.

“LTIP Units” means a Partnership Unit which is designated as an LTIP Unit and which has the rights, preferences and other privileges designated in Section 4.6 and elsewhere in this Agreement in respect of holders of LTIP Units. The allocation of LTIP

Units among the Partners shall be set forth on Exhibit B, as it may be amended and/or restated from time to time.

“Net Income” means, for any taxable period, the excess, if any, of the Partnership’s items of income and gain for such taxable period over the Partnership’s items of loss and deduction for such taxable period. The items included in the calculation of Net Income shall be determined in accordance with U.S. federal income tax accounting principles, subject to the specific adjustments provided for in Section 1.B of Exhibit A.

“Net Loss” means, for any taxable period, the excess, if any, of the Partnership’s items of loss and deduction for such taxable period over the Partnership’s items of income and gain for such taxable period. The items included in the calculation of Net Loss shall be determined in accordance with federal income tax accounting principles, subject to the specific adjustments provided for in Section 1.B of Exhibit A.

“Non-Approving Partners” has the meaning set forth in Section 11.6(A).

“Nonrecourse Deductions” has the meaning set forth in Regulations Section 1.704-2(b)(1), and the amount of Nonrecourse Deductions for a Partnership taxable year shall be determined in accordance with the rules of Regulations Section 1.704-2(c).

“Nonrecourse Liability” has the meaning set forth in Regulations Section 1.752-1(a)(2).

“Notice of Redemption” means the Notice of Redemption substantially in the form of Exhibit C to this Agreement.

“Original Agreement” has the meaning set forth in the recitals hereto.

“Partner” means a General Partner or a Limited Partner, and “Partners” means the General Partner and the Limited Partners collectively.

“Partner Minimum Gain” means an amount, with respect to each Partner Nonrecourse Debt, equal to the Partnership Minimum Gain that would result if such Partner Nonrecourse Debt were treated as a Nonrecourse Liability, determined in accordance with Regulations Section 1.704-2(i)(3).

“Partner Nonrecourse Debt” has the meaning set forth in Regulations Section 1.704-2(b)(4).

“Partner Nonrecourse Deductions” has the meaning set forth in Regulations Section 1.704-2(i)(1) and Regulations Section 1.704-2(i)(2), and the amount of Partner Nonrecourse Deductions with respect to a Partner Nonrecourse Debt for a Partnership taxable year shall be determined in accordance with the rules of Regulations Section 1.704-2(i)(2).

“Partnership” has the meaning set forth in the recitals hereto.

“Partnership Board” has the meaning set forth in Section 7.12.

“Partnership Directors” has the meaning set forth in Section 7.12.

“Partnership Interest” means an ownership interest, including LTIP Units, in the Partnership held by a Partner, and includes any and all benefits to which the holder of such ownership interest may be entitled as provided in this Agreement, together with all obligations of such Person to comply with the terms and provisions of this Agreement. A Partnership Interest may be (but is not required to be) expressed as a number of Partnership Units.

“Partnership Minimum Gain” has the meaning set forth in Regulations Section 1.704-2(b)(2), and the amount of Partnership Minimum Gain, as well as any net increase or decrease in a Partnership Minimum Gain, for a Partnership taxable year shall be determined in accordance with the rules of Regulations Section 1.704-2(d).

“Partnership Record Date” means the record date established by the General Partner for the distribution of Available Cash pursuant to Section 5.1 hereof, which record date shall be the same as the record date established by the Company for a distribution to its shareholders of some or all of its portion of such distribution or such other record date established by the General Partner following direction and approval of the Board of Directors.

“Partnership Representative” has the meaning set forth in Section 10.3(A).

“Partnership Unit” means a fractional, undivided share of the Partnership Interests of all Partners issued pursuant to Sections 4.1 and 4.2 and includes Common Units, LTIP Units, Series A Preferred Units, Series B Preferred Units, Series C Preferred Units and any other classes or series of Partnership Units established after the date hereof. The number of Partnership Units outstanding and the Percentage Interest in the Partnership represented by such Partnership Units are set forth on the books and records of the Partnership.

“Partnership Year” means the fiscal year of the Partnership, which shall be the calendar year.

“Percentage Interest” means, as to a Partner, its interest in the Partnership as determined by dividing the Partnership Units owned by such Partner by the total number of Partnership Units then outstanding and as specified on the books and records of the Partnership; provided, however, that, to the extent applicable in context, the term “Percentage Interest” means, as to a Partner, its interest in a specific class or series (or specified group of classes and/or series) as determined by dividing the Partnership Units of a specific class or series (or specified group of classes and/or series) owned by such Partner by the total number of Partnership Units of such specific class or series (or specified group of classes and/or series) outstanding.

“Person” means an individual or a real estate investment trust, corporation, partnership, limited liability company, trust, estate, unincorporated organization, association or other entity.

“Profits LTIP Unit” has the meaning set forth in Section 4.6(A).

“Qualified REIT Subsidiary” means a qualified REIT subsidiary of the Company within the meaning of Section 856(i)(2) of the Code.

“Recapture Income” means any gain recognized by the Partnership upon the disposition of any property or asset of the Partnership, which gain is characterized as ordinary income because it represents the recapture of deductions previously taken with respect to such property or asset.

“Redeeming Partner” has the meaning set forth in Section 8.6(A).

“Redemption Right” shall have the meaning set forth in Section 8.6(A).

“Regulations” means the Income Tax Regulations promulgated under the Code, as such regulations may be amended from time to time (including corresponding provisions of succeeding regulations).

“REIT” means a real estate investment trust as defined under Section 856 of the Code.

“REIT Requirements” shall have the meaning set forth in Section 5.5.

“REIT Shares” means shares of common stock, \$0.01 par value per share, of the Company.

“REIT Shares Amount” means a number of REIT Shares equal to the product of the number of Partnership Units offered for redemption by a Redeeming Partner, multiplied by the Conversion Factor; provided, that in the event the Company issues to all holders of REIT Shares rights, options, warrants or convertible or exchangeable securities entitling the shareholders to subscribe for or purchase REIT Shares, or any other securities or property (collectively, the “rights”), and the Company can issue such rights to the Redeeming Partner, then the REIT Shares Amount shall also include such rights that a holder of that number of REIT Shares would be entitled to receive.

“Residual Gain” or “Residual Loss” means any item of gain or loss, as the case may be, of the Partnership recognized for federal income tax purposes resulting from a sale, exchange or other disposition of Contributed Property or Adjusted Property, to the extent such item of gain or loss is not allocated pursuant to Section 2(B)(1)(a) or 2(B)(2)(a) of Exhibit B to eliminate Book-Tax Disparities.

“Sale of the Partnership” means (a) a sale or other disposition of all or substantially all of the assets of the Partnership or a related series of transactions that taken together, result in the sale or other disposition of all or substantially all of the assets of the

Partnership, (b) a transaction or series of related transactions in which a Person, or group of related Persons, acquires more than 50% of the outstanding Partnership Units, or (c) the merger or consolidation of the Partnership with or into another Person that is not (i) an Affiliate of the Partnership or (ii) a Partner, in each case in clauses (b) and (c) above, under circumstances in which the holders of a majority of Partnership Units, immediately prior to such transaction, own less than a majority in voting power of the surviving or resulting Person immediately following such transaction.

“Securities Act” means the Securities Act of 1933, as amended.

“Series A Preferred Unit” means a Preferred Unit which is designated as a “8.50% Series A Cumulative Redeemable Preferred Unit” and which has the rights, preferences and other privileges designated in Annex B hereto and elsewhere in this Agreement in respect of holders of Preferred Units.

“Series B Preferred Unit” means a Preferred Unit which is designated as a “9.00% Series B Cumulative Redeemable Preferred Unit” and which has the rights, preferences and other privileges designated in Annex C hereto and elsewhere in this Agreement in respect of holders of Preferred Units.

“Series C Preferred Unit” means a Preferred Unit which is designated as a “8.00% Series C Cumulative Redeemable Preferred Unit” and which has the rights, preferences and other privileges designated in Annex D hereto and elsewhere in this Agreement in respect of holders of Preferred Units.

“Specified Redemption Date” means the 10th Business Day after receipt by the Partnership of a Notice of Redemption; provided, that if the Company combines its outstanding REIT Shares, no Specified Redemption Date shall occur after the record date of such combination of REIT Shares and prior to the effective date of such combination.

“Subsidiary” means, with respect to any Person, any real estate investment trust, corporation, partnership, limited liability company or other entity of which (a) a majority of (i) the voting power of the voting equity securities; or (ii) the outstanding equity interests, is owned, directly or indirectly, by such Person or (b) such Person acts as the general partner, sole member or sole manager.

“Substituted Limited Partner” means a Person who is admitted as a Limited Partner to the Partnership pursuant to Section 11.4.

“Target Balance” has the meaning set forth in Section 1(H)(1) of Exhibit B attached hereto.

“Tenant” means any tenant from which the Company derives rent either directly or indirectly through partnerships or limited liability companies, including the Partnership.

“Trading Days” means days on which the primary trading market for REIT Shares, if any, is open for trading.

“Transaction” has the meaning set forth in Section 15.12.

“transfer”, when used in this Article 11, has the meaning set forth in Section 11.1(A).

“Unrealized Gain” attributable to any item of Partnership property means, as of any date of determination, the excess, if any, of (i) the fair market value of such property (as determined under Exhibit A hereof) as of such date; over (ii) the Carrying Value of such property (prior to any adjustment to be made pursuant to Exhibit A hereof) as of such date.

“Unrealized Loss” attributable to any item of Partnership property means, as of any date of determination, the excess, if any, of (i) the Carrying Value of such property (prior to any adjustment to be made pursuant to Exhibit A hereof) as of such date; over (ii) the fair market value of such property (as determined under Exhibit A hereof) as of such date.

“Unvested LTIP Units” has the meaning set forth in Section 4.6(C) hereof.

“Valuation Date” means the date of receipt by the General Partner of a Notice of Redemption or, if such date is not a Business Day, the first Business Day thereafter.

“Value” means, with respect to a REIT Share, the greater of (i) the Company’s most recent net asset value as determined by the Board of Directors and (ii) if the REIT Shares are listed or admitted to trading on any national securities exchange, the volume weighted average price for the 10 consecutive Trading Days immediately preceding the Valuation Date. If the REIT Shares are not listed or admitted to trading on any national securities exchange, the volume weighted average price with respect to a REIT Share will be the volume weighted average price on such day or, if no sale takes place on such day, the average of the closing bid and asked prices on such day, as reported by a reliable quotation source designated by the General Partner or if no such closing bid and asked prices are available, the average of the reported high bid and low asked prices on such day, as reported by a reliable quotation source designated by the General Partner, or if there shall be no bid and asked prices on such day, the average of the high bid and low asked prices, as so reported, on the most recent day (not more than 10 days prior to the date in question) for which prices have been so reported; provided, that if there are no bid and asked prices reported during the 10 days prior to the date in question, the Value of the REIT Shares shall be determined by the General Partner acting in good faith on the basis of such quotations and other information as it considers, in its reasonable judgment, appropriate. In the event the REIT Shares Amount includes rights that a holder of REIT Shares would be entitled to receive, then the Value of such rights shall be determined by the General Partner acting in good faith on the basis of such quotations and other information as it considers, in its reasonable judgment, appropriate.

“Vested LTIP Units” has the meaning set forth in Section 4.6(C).

“Vesting Agreement” means each or any, as the context implies, agreement or instrument entered into by a holder of LTIP Units upon acceptance of an award of LTIP Units under an Equity Incentive Plan.

ARTICLE 2.

ORGANIZATIONAL MATTERS

Section 2.1. Continuation

The Partners hereby continue the Partnership as a limited partnership under and pursuant to the Act. Except as expressly provided herein to the contrary, the rights and obligations of the Partners and the administration and termination of the Partnership shall be governed by the Act. The Partnership Interest of each Partner shall be personal property for all purposes.

Section 2.2. Name

The name of the Partnership heretofore formed and continued hereby shall be NexPoint Real Estate Finance Operating Partnership, L.P. The Partnership's business may be conducted under any other name or names deemed advisable by the General Partner following the direction and approval of the Board of Directors. The words "Limited Partnership," "L.P.," "Ltd." or similar words or letters shall be included in the Partnership's name where necessary for the purposes of complying with the laws of any jurisdiction that so requires. The General Partner, following the direction and approval of the Board of Directors, may change the name of the Partnership at any time and from time to time and shall notify the Limited Partners of such change in the next regular communication to the Limited Partners.

Section 2.3. Registered Office and Agent; Principal Office

The address of the registered office of the Partnership in the State of Delaware is 1209 Orange Street, Wilmington, New Castle County, Delaware, 19801 and the registered agent for service of process on the Partnership in the State of Delaware shall be The Corporation Trust Company. The principal office of the Partnership shall be 300 Crescent Court, Suite 700, Dallas, Texas 75201 or such other place as the General Partner, following the direction and approval of the Board of Directors, may from time to time designate by notice to the Limited Partners. The Partnership may maintain offices at such other place or places within or outside the State of Delaware as the General Partner and the Board of Directors deems advisable.

Section 2.4. Power of Attorney

A. Each Limited Partner and each Assignee hereby constitutes and appoints the General Partner, any Liquidator, and authorized officers and attorneys-in-fact of each, and each of those acting singly, in each case with full power of substitution, as its true and lawful agent and attorney-in-fact, with full power and authority in its name, place and stead to execute, swear to, acknowledge, deliver, file and record in the appropriate public offices (a) all certificates, documents and other instruments (including, without limitation, this Agreement and the Certificate and all amendments or restatements thereof) that the General Partner or the Liquidator deems appropriate or necessary to form, qualify or continue the existence or qualification of the Partnership as a limited partnership (or a

partnership in which the Limited Partners have limited liability) in the State of Delaware and in all other jurisdictions in which the Partnership may or plans to conduct business or own property; (b) all instruments that the General Partner deems appropriate or necessary to reflect any amendment, change, modification or restatement of this Agreement in accordance with its terms; (c) all conveyances and other instruments or documents that the General Partner or the Liquidator deems appropriate or necessary to reflect the dissolution and winding up of the Partnership pursuant to the terms of this Agreement, including, without limitation, a certificate of cancellation; (d) all instruments relating to the admission, withdrawal, removal or substitution of any Partner pursuant to Articles 11, 12 or 13 hereof or the Capital Contribution of any Partner; and (e) all conveyances and other instruments or documents that the General Partner or the Liquidator deems appropriate or necessary to reflect the distribution or exchange of assets of the Partnership pursuant to the terms of this Agreement. Nothing contained herein shall be construed as authorizing the General Partner or any Liquidator to amend this Agreement except in accordance with Article 14 hereof or as may be otherwise expressly provided for in this Agreement.

B. The foregoing power of attorney is hereby declared to be irrevocable and a power coupled with an interest, in recognition of the fact that each of the Partners will be relying upon the power of the General Partner and any Liquidator to act as contemplated by this Agreement in any filing or other action by it on behalf of the Partnership, and it shall survive and not be affected by the subsequent Incapacity of any Limited Partner or Assignee and the transfer of all or any portion of such Limited Partner's or Assignee's Partnership Units and shall extend to such Limited Partner's or Assignee's heirs, successors, assigns and personal representatives. Each such Limited Partner or Assignee hereby agrees to be bound by any representation made by the General Partner or any Liquidator, acting in good faith pursuant to such power of attorney, and each such Limited Partner or Assignee hereby waives any and all defenses which may be available to contest, negate or disaffirm the action of the General Partner or any Liquidator, taken in good faith under such power of attorney. Each Limited Partner or Assignee shall execute and deliver to the General Partner or the Liquidator, within 15 days after receipt of the General Partner's or Liquidator's request therefor, such further designation, powers of attorney and other instruments as the General Partner or the Liquidator, as the case may be, deems necessary to effectuate this Agreement and the purposes of the Partnership.

C. Notwithstanding anything in this Section 2.4, no General Partner, Liquidator, or authorized officer or attorney-in-fact of either, may exercise the power and authority under this Section 2.4 without the prior approval of the Board of Directors.

Section 2.5. Term

The term of the Partnership commenced on the date that the Certificate was filed with the Secretary of State of the State of Delaware and shall continue until dissolved pursuant to the provisions of Article 13 or as otherwise provided by law.

Section 2.6. Admission of Partners

Each Limited Partner being admitted to the Partnership from time to time after the date hereof shall be deemed admitted to the Partnership as a limited partner of the Partnership upon such Limited Partner's execution and delivery of a counterpart to this Agreement or equivalent thereof, including but not limited to a power of attorney granted to the General Partner, and delivery to the Partnership of its initial Capital Contribution, such initial Capital Contribution specified on the books and records on the Partnership pursuant to Section 4.1. Each General Partner being admitted to the Partnership from time to time after the date hereof shall be deemed admitted to the Partnership as a general partner of the Partnership in accordance with Section 11.2 of this Agreement following such General Partner's execution and delivery of a counterpart to this Agreement or equivalent thereof, and such other documentation reasonably required by the Partnership Board.

ARTICLE 3.

PURPOSE

Section 3.1. Purpose and Business

The purpose and nature of the business to be conducted by the Partnership is (i) to conduct any business that may be lawfully conducted by a limited partnership formed pursuant to the Act; provided, however, that such business shall be limited to and conducted in such a manner as to permit the Company at all times to qualify as a REIT, unless the Company ceases to qualify as a REIT for reasons other than as a result of the conduct of the business of the Partnership or voluntarily revokes its election to be a REIT; (ii) to enter into any partnership, joint venture or other similar arrangement to engage in any of the foregoing or to own interests in any entity engaged in any of the foregoing; and (iii) to do anything necessary, convenient or incidental to the foregoing. In connection with the foregoing, and without limiting the Company's right, in its sole discretion, to cease qualifying as a REIT, the Partners acknowledge that the Company's current status as a REIT inures to the benefit of all of the Partners and not solely to the General Partner, the Company or their Affiliates.

Section 3.2. Powers

The Partnership shall be empowered to do any and all acts and things necessary, appropriate, proper, advisable, incidental to or convenient for the furtherance and accomplishment of the purposes and business described herein and for the protection and benefit of the Partnership, and shall have, without limitation, any and all of the powers that may be exercised on behalf of the Partnership by the General Partner pursuant to and according to the terms of this Agreement; provided, however, that the Partnership may not, without the General Partner's consent, following the direction and approval of the Board of Directors, take, or refrain from taking, any action which, in the judgment of the General Partner, following the direction and approval of the Board of Directors, (i) could adversely affect the ability of the Company to qualify and to continue to qualify as

a REIT; (ii) could subject the Company to any additional taxes under Section 857 or Section 4981 of the Code or any other related or successor provision of the Code; or (iii) could violate any law or regulation of any governmental body or agency having jurisdiction over the Company, its securities or the Partnership, unless such action (or inaction) under clause (i), clause (ii) or clause (iii) above shall have been specifically consented to by the Company in writing.

Section 3.3. Representations and Warranties by the Parties

A. Each Partner that is an individual represents and warrants to each other Partner that (i) such Partner has the legal capacity to enter into this Agreement and perform such Partner's obligations hereunder, (ii) the consummation of the transactions contemplated by this Agreement to be performed by such Partner will not result in a breach or violation of, or a default under, any agreement by which such Partner or any of such Partner's property is or are bound, or any statute, regulation, order or other law to which such Partner is subject, (iii) such Partner is a "United States person" within the meaning of Section 7701(a)(30) of the Code, and (iv) this Agreement is binding upon, and enforceable against, such Partner in accordance with its terms.

B. Each Partner that is not an individual represents and warrants to each other Partner that (i) its execution and delivery of this Agreement and all transactions contemplated by this Agreement to be performed by it have been duly authorized by all necessary action, including without limitation, that of its general partner(s), committee(s), trustee(s), beneficiaries, director(s) and/or shareholder(s), as the case may be, as required, (ii) the consummation of such transactions shall not result in a breach or violation of, or a default under, its certificate of limited partnership, partnership agreement, trust agreement, limited liability company operating agreement, declaration of trust, charter or bylaws, as the case may be, any agreement by which such Partner or any of such Partner's properties or any of its partners, beneficiaries, trustees or shareholders, as the case may be, is or are bound, or any statute, regulation, order or other law to which such Partner or any of its partners, trustees, beneficiaries or shareholders, as the case may be, is or are subject, (iii) such Partner is a "United States person" within the meaning of Section 7701(a)(30) of the Code and (iv) this Agreement is binding upon, and enforceable against, such Partner in accordance with its terms.

C. Each Partner represents, warrants and agrees that it has acquired and continues to hold its interest in the Partnership for its own account for investment only and not for the purpose of, or with a view toward, the resale or distribution of all or any part thereof, nor with a view toward selling or otherwise distributing such interest or any part thereof at any particular time or under any predetermined circumstances. Each Partner further represents and warrants that it is a sophisticated investor, able and accustomed to handling sophisticated financial matters for itself, particularly real estate investments, and that it has a sufficiently high net worth that it does not anticipate a need for the funds it has invested in the Partnership in what it understands to be a highly speculative and illiquid investment.

D. Each Partner further represents, warrants, covenants and agrees as follows:

(1) Except as provided in Exhibit E hereto, at any time such Partner actually or Constructively Owns a 25% or greater capital interest or profits interest in the Partnership, it does not and will not, without the approval of the Board of Directors, actually own or Constructively Own (a) with respect to any Tenant that is a corporation, any stock of such Tenant, and (b) with respect to any Tenant that is not a corporation, any interest in either the assets or net profits of such Tenant.

(2) Upon request of the General Partner, it will promptly disclose to the General Partner and the Company the amount of REIT Shares or other capital shares of the Company that it actually owns or Constructively Owns.

(3) Without the approval of the Board of Directors, no Partner shall take any action that would cause the Partnership at any time to have more than 100 partners (including as partners those Persons indirectly owning an interest in the Partnership through a partnership, limited liability company, S corporation or grantor trust (such entity, a "Flow Through Entity"), but only if substantially all of the value of such person's interest in the Flow Through Entity is attributable to the Flow Through Entity's interest (direct or indirect) in the Partnership).

E. The representations and warranties contained in this Section 3.3 shall survive the execution and delivery of this Agreement by each Partner and the dissolution and winding up of the Partnership.

F. Each Partner hereby acknowledges that no representations as to potential profit, cash flows, funds from operations or yield, if any, in respect of the Partnership or the Company have been made by any Partner or any employee or representative or Affiliate of any Partner, and that projections and any other information, including, without limitation, financial and descriptive information and documentation, which may have been in any manner submitted to such Partner shall not constitute any representation or warranty of any kind or nature, express or implied.

G. Each Partner understands that if, for any reason, (a) the representations, warranties or agreements set forth in this Section 3.3 are violated, or (b) the Partnership's actual or Constructive Ownership of REIT Shares or other capital shares of the Company violates the limitations set forth in the Charter, then (x) some or all of the Redemption Rights of the Partners may become non-exercisable, and (y) some or all of the REIT Shares owned by the Partners may be automatically transferred to a trust for the benefit of a charitable beneficiary, as provided in the Charter.

Section 3.4. Not Publicly Traded

The Partners intend for the Partnership to be treated as a partnership for United States federal income tax purposes and no election to the contrary shall be made. The General Partner, on behalf of the Partnership, shall use its best efforts not to take any action which would result in the Partnership being a publicly traded partnership within the

meaning of either Section 469(k)(2) or 7704(b) of the Code. Subject to this Section 3.4, it is expressly acknowledged and agreed by the Partners that the General Partner may, following the direction and approval of the Board of Directors, waive or otherwise modify the application with respect to any Partner(s) or Assignee(s) of any provision herein restricting, prohibiting or otherwise relating to (i) the transfer of a Limited Partner Interest or the Partnership Units evidencing the same, (ii) the admission of any Limited Partners and (iii) the Redemption Rights of such Partners, and that such waivers or modifications may be made by the General Partner at any time or from time to time, including, without limitation, concurrently with the issuance of any Partnership Units pursuant to the terms of this Agreement.

ARTICLE 4.

CAPITAL CONTRIBUTIONS

Section 4.1. Capital Contributions of the Partners

At the time of their respective execution of this Agreement by delivery of a counterpart signature page to the same or an equivalent thereof, the Partners shall make or shall have made Capital Contributions. The Partners shall own Partnership Units of the class or series and in the amounts and shall have a Percentage Interest in the Partnership in each case as set forth on the books and records of the Partnership. The Percentage Interest shall be adjusted from time to time by the General Partner to the extent necessary to reflect accurately exchanges, redemptions, additional Capital Contributions, the issuance of additional Partnership Units (pursuant to any merger or otherwise), or similar events having an effect on any Partner's Percentage Interest. Except as provided in Section 4.2, Section 4.3, and Section 10.4, the Partners shall have no obligation to make any additional Capital Contributions or loans to the Partnership. Each Limited Partner that contributes any Contributed Property shall promptly provide the General Partner and the Board of Directors, upon either of their request, with any information regarding such Contributed Property, including for Partnership tax return reporting purposes.

Section 4.2. Issuances of Additional Partnership Interests

The General Partner is hereby authorized, following the direction and approval of the Board of Directors, to cause the Partnership from time to time to issue to any existing Partner (including the General Partner and the Company) or to any other Person, and to admit such Person as a limited partner in the Partnership, Partnership Units (including, without limitation, Common Units and preferred Partnership Units) or other Partnership Interests, in each case in exchange for the contribution by such Person of property or other assets, in one or more classes, or one or more series of any of such classes, or otherwise with such designations, preferences, redemption and conversion rights and relative, participating, optional or other special rights, powers and duties, including rights, powers and duties senior to Limited Partner Interests, all as shall be determined by the General Partner (following the direction and approval of the Board of Directors) subject to Delaware law, including, without limitation, (i) the allocations of items of Partnership

income, gain, loss, deduction and credit to each such class or series of Partnership Interests; (ii) the right of each such class or series of Partnership Interests to share in Partnership distributions; and (iii) the rights of each such class or series of Partnership Interests upon dissolution and liquidation of the Partnership. The issuance and terms of any LTIP Units shall be in accordance with Section 4.6.

Section 4.3. Additional Funds

A. The General Partner may, following the direction and approval of the Board of Directors, reasonably determine from time to time that the Partnership requires additional funds ("Additional Funds") for the acquisition of additional assets, for the redemption of Partnership Units or for other reasonable purposes. Subject to Section 7.1, Additional Funds may be obtained by the Partnership, at the election of the General Partner (following the direction and approval of the Board of Directors), in any manner provided in, and in accordance with, the terms of this Section 4.3, without the approval of any Limited Partner (unless such approval is required under the terms of this Agreement).

B. Subject to the approval of the Board of Directors contemplated by Section 4.3(A) and the limitations set forth in Section 7.1, the General Partner, on behalf of the Partnership, may obtain any Additional Funds by accepting Capital Contributions from any Partners or other Persons. In connection with any such Capital Contribution, the General Partner is hereby authorized to cause the Partnership from time to time to issue additional Partnership Units (as set forth in Section 4.2 above) in consideration therefor, and the Percentage Interests of the Partners shall be adjusted to reflect the issuance of such additional Partnership Units.

C. Subject to the approval of the Board of Directors contemplated by Section 4.3(A) and the limitations set forth in Section 7.1, the General Partner, on behalf of the Partnership, may obtain any Additional Funds by causing the Partnership to incur Debt upon such terms as the General Partner determines appropriate (following the direction and approval of the Board of Directors of such terms), including making such Debt convertible, redeemable or exchangeable for Partnership Units or REIT Shares; provided, however, that the Partnership shall not incur any such Debt if such Debt is recourse to any Partner (unless the Partner otherwise agrees).

D. Following the direction and approval of the Board of Directors and subject to the limitations set forth in Section 7.1, the General Partner, on behalf of the Partnership, may obtain any Additional Funds by causing the Partnership to incur Debt with the Company; provided, however, that the Partnership shall not incur any such Debt if (a) a breach, violation or default of such Debt would be deemed to occur by virtue of the transfer of any Partnership Interest, or (b) such Debt is recourse to any Partner (unless the Partner otherwise agrees).

Section 4.4. Preemptive Rights

No Person shall have any preemptive, preferential or other similar right with respect to (i) additional Capital Contributions or loans to the Partnership; or (ii) the issuance or sale of any Partnership Units or other Partnership Interests.

Section 4.5. No Interest

No Partner shall be entitled to interest on its Capital Contribution or on such Partner's Capital Account unless determined by the General Partner following the direction and approval of the Board of Directors.

Section 4.6. LTIP Units

A. Issuance of LTIP Units. The General Partner may, following the direction and approval of the Board of Directors, as contemplated by Section 7.1(a), from time to time issue LTIP Units to Persons who provide services to the Partnership, the General Partner or the Company, for such consideration as the General Partner may determine, following the direction and approval of the Board of Directors, to be appropriate, and admit such Persons as Limited Partners. The LTIP Units may be issued as either capital interests for federal income tax purposes (each, a "Capital LTIP Unit") or profits interests for federal income tax purposes (each, a "Profits LTIP Unit").

Subject to the following provisions of this Section 4.6 and the provisions of Section 4.7, or as otherwise provided in this Agreement with respect to Profits LTIP Units, LTIP Units shall be treated as Class C Common Units, with all of the rights, privileges and obligations attendant thereto. For purposes of computing the Partners' Percentage Interests, holders of LTIP Units shall be treated as Class C Common Unitholders and LTIP Units shall be treated as Class C Common Units. In particular, the Partnership shall maintain at all times a one-to-one correspondence between LTIP Units and Class C Common Units for conversion, distribution and other purposes, including, without limitation, complying with the following procedures:

(1) If an Adjustment Event (as defined below) occurs, then the General Partner shall make a corresponding adjustment to the LTIP Units to maintain a one-for-one conversion and economic equivalence (subject to the economic differences between Profits LTIP Units and Class C Common Units) ratio between Class C Common Units and LTIP Units. The following shall be "Adjustment Events": (A) the Partnership makes a distribution on all outstanding Class C Common Units in Partnership Units, (B) the Partnership subdivides the outstanding Class C Common Units into a greater number of units or combines the outstanding Class C Common Units into a smaller number of units, or (C) the Partnership issues any Partnership Units in exchange for its outstanding Class C Common Units by way of a reclassification or recapitalization of its Class C Common Units. If more than one Adjustment Event occurs, the adjustment to the LTIP Units need be made only once using a single formula that takes into account each Adjustment Event as if all Adjustment Events occurred simultaneously. For the avoidance of

doubt, the following shall not be Adjustment Events: (x) the issuance of Partnership Units in a financing, reorganization, acquisition (through the acquisition of equity interests or assets), merger, or other similar business combination, (y) the issuance of Partnership Units pursuant to any employee benefit or compensation plan or distribution reinvestment plan or (z) the issuance of any Partnership Units to the General Partner in respect of a Capital Contribution to the Partnership. If the Partnership takes an action affecting the Class C Common Units other than actions specifically described above as "Adjustment Events" and in the opinion of the General Partner, following the direction and approval of the Board of Directors, such action would require an adjustment to the LTIP Units to maintain the one-to-one correspondence described above, the General Partner shall have the right to make such adjustment to the LTIP Units, to the extent permitted by law and by any Equity Incentive Plan, in such manner and at such time as the General Partner, following the direction and approval of the Board of Directors, may determine to be appropriate under the circumstances. If an adjustment is made to the LTIP Units, as herein provided, the Partnership shall promptly file in the books and records of the Partnership an officer's certificate setting forth such adjustment and a brief statement of the facts requiring such adjustment, which certificate shall be conclusive evidence of the correctness of such adjustment absent manifest error. Promptly after filing of such certificate, the Partnership shall mail a notice to each LTIP Unitholder setting forth the adjustment to his or her LTIP Units and the effective date of such adjustment; and

(2) Subject to the approval of the Board of Directors, the LTIP Unitholders shall, when, as and if authorized and declared by the General Partner out of assets legally available for that purpose, be entitled to receive distributions in an amount per LTIP Unit equal to the distributions per Class C Common Unit, paid to holders of Class C Common Units on such Partnership Record Date established by the General Partner with respect to such distribution.

B. Priority. Subject to the provisions of this Section 4.6 and the provisions of Section 4.7 and Section 5.1, the LTIP Units shall rank pari passu with the Class C Common Units as to the payment of regular and special periodic or other distributions and distribution of assets upon liquidation, dissolution or winding up. As to the payment of distributions and as to distribution of assets upon liquidation, dissolution or winding up, any class or series of Partnership Units which by its terms specifies that it shall rank junior to, on parity with, or senior to the Class C Common Units shall also rank junior to, on parity with, or senior to, as the case may be, the LTIP Units. Subject to the terms of any Vesting Agreement, an LTIP Unitholder shall be entitled to transfer his or her LTIP Units to the same extent, and subject to the same restrictions as holders of Class C Common Units are entitled to transfer their Class C Common Units pursuant to Article 11.

C. Special Provisions. LTIP Units shall be subject to the following special provisions:

(1) Vesting Agreements. LTIP Units may, at the direction of the Board of Directors, be issued subject to vesting, forfeiture and additional restrictions on

transfer pursuant to the terms of a Vesting Agreement. The terms of any Vesting Agreement may be modified by the General Partner (only with the approval of the Board of Directors), from time to time, subject to any restrictions on amendment imposed by the relevant Vesting Agreement or by the Equity Incentive Plan, if applicable. LTIP Units that have vested under the terms of a Vesting Agreement are referred to as “Vested LTIP Units”; all other LTIP Units shall be treated as “Unvested LTIP Units.”

(2) Forfeiture. Unless otherwise specified in the Vesting Agreement, upon the occurrence of an event specified in a Vesting Agreement that results in either the right of the Partnership to repurchase the LTIP Units at a specified purchase price or in the forfeiture of the LTIP Units, then if the Partnership exercises such right to repurchase or cause the forfeiture of LTIP Units in accordance with the applicable Vesting Agreement, the relevant LTIP Units shall immediately, and without any further action, be treated as cancelled and no longer outstanding for any purpose. Unless otherwise specified in the Vesting Agreement, no consideration or other payment shall be due with respect to any LTIP Units that have been forfeited, other than any distributions declared with respect to a Partnership Record Date prior to the effective date of the forfeiture.

(3) Redemption. The Redemption Right provided to the holders of Class C Common Unit under Section 8.6 shall not apply with respect to Vested LTIP Units unless and until they are converted to Class C Common Units as provided in Section 4.7.

D. Voting. Solely with respect to Vested LTIP Units, LTIP Unitholders shall have the same voting rights as the Class C Common Unitholders, with the LTIP Units voting as a single class with the Class C Common Units and having one vote per LTIP Unit.

Section 4.7. Conversion of LTIP Units

A. Conversion Right. An LTIP Unitholder shall have the right (the “Conversion Right”), at his or her option, at any time to convert all or a portion of his or her Vested LTIP Units into Class C Common Units, including for avoidance of doubt any Vested LTIP Units issued prior to the date of this Agreement; provided, however, that a holder may not exercise the Conversion Right for less than 1,000 Vested LTIP Units or, if such holder holds less than 1,000 Vested LTIP Units, all of the Vested LTIP Units held by such holder; provided, further, that a holder of a Profits LTIP Unit may not exercise the Conversion Right with respect to such Profits LTIP Unit prior to the date on which the Book-Up Target for such Profits LTIP Unit becomes zero (an LTIP Unit eligible for conversion pursuant to this Section 4.7(a), an “Eligible LTIP Unit”). LTIP Unitholders shall not have the right to convert Unvested LTIP Units into Class C Common Units until they become Vested LTIP Units; provided, however, that when an LTIP Unitholder is notified of the expected occurrence of an event that will cause his or her Unvested LTIP Units to become Vested LTIP Units, such LTIP Unitholder may give the Partnership a Conversion Notice conditioned upon and effective as of the time of vesting and such Conversion Notice,

unless subsequently revoked by the LTIP Unitholder, shall be accepted by the Partnership subject to such condition. Following the direction and approval of the Board of Directors, the General Partner shall have the right at any time to cause a conversion of Vested LTIP Units into Class C Common Units. In all cases, the conversion of any LTIP Units into Class C Common Units shall be subject to the conditions and procedures set forth in this Section 4.7.

B. Exercise by an LTIP Unitholder. A holder of Eligible LTIP Units may convert such Eligible LTIP Units into an equal number of fully paid and non-assessable Class C Common Units, giving effect to all adjustments (if any) made pursuant to Section 4.6. In order to exercise his or her Conversion Right, an LTIP Unitholder shall deliver a notice (a "Conversion Notice") in the form attached as Exhibit F to this Agreement to the Partnership (with a copy to the General Partner) not less than ten nor more than 60 days prior to a date (the "Conversion Date") specified in such Conversion Notice. A Conversion Notice shall be provided in the manner provided in Section 15.1. Each LTIP Unitholder covenants and agrees with the Partnership that all Eligible LTIP Units to be converted pursuant to this Section 4.7(B) shall be free and clear of all liens and encumbrances. Notwithstanding anything herein to the contrary, a holder of Eligible LTIP Units may deliver a Notice of Redemption pursuant to Section 8.6 relating to those Class C Common Units that will be issued to such holder upon conversion of such Eligible LTIP Units into Class C Common Units in advance of the Conversion Date; provided, however, that the redemption of such Class C Common Units by the Partnership shall in no event take place until after the Conversion Date.

C. Forced Conversion. Subject to the approval of the Board of Directors, the General Partner, on behalf of the Partnership, may cause any number of Eligible LTIP Units held by an LTIP Unitholder to be converted (a "Forced Conversion") into an equal number of Class C Common Units, giving effect to all adjustments (if any) made pursuant to Section 4.6; provided, however, that the General Partner, on behalf of the Partnership, may not cause Forced Conversion of any LTIP Units that would not at the time be eligible for conversion at the option of such LTIP Unitholder pursuant to Section 4.7(B). In order to exercise its right of Forced Conversion, the General Partner on behalf of the Partnership, shall deliver a notice (a "Forced Conversion Notice") in the form attached as Exhibit G to this Agreement to the applicable LTIP Unitholder not less than ten nor more than 60 days prior to the Conversion Date specified in such Forced Conversion Notice. A Forced Conversion Notice shall be provided in the manner provided in Section 15.1.

D. Completion of Conversion. A conversion of Eligible LTIP Units for which the holder thereof has given a Conversion Notice or the General Partner, on behalf of the Partnership, has given a Forced Conversion Notice shall occur automatically after the close of business on the applicable Conversion Date without any action on the part of such LTIP Unitholder, as of which time such LTIP Unitholder shall be credited on the books and records of the Partnership with the issuance as of the opening of business on the next day of the number of Class C Common Units issuable upon such conversion. After the conversion of Eligible LTIP Units as aforesaid, the Partnership shall deliver to such LTIP Unitholder, upon his or her written request, a certificate of the General Partner

certifying the number of Class C Common Units and remaining LTIP Units, if any, held by such person immediately after such conversion.

ARTICLE 5.

DISTRIBUTIONS

Section 5.1. Requirement and Characterization of Distributions

The General Partner shall distribute at least quarterly, or more frequently if required by this Agreement, a portion of Available Cash generated by the Partnership during such quarter or shorter period, such portion as determined by the General Partner following the direction and approval of the Board of Directors, to the Partners that are Partners on the Partnership Record Date (with respect to such quarter or shorter period) in accordance with the following order of priority: (i) first, with respect to any Partnership Units that are entitled to any preference in distribution, in accordance with the rights of holders of such class(es) of Partnership Unit (and, within each class, among the holders of each such class, pro rata in proportion to their respective Percentage Interests of such class on such Partnership Record Date); and (ii) second, with respect to any Partnership Units that are not entitled to any preference in distribution, in accordance with the rights of holders of such class(es) of Partnership Unit (and, within each class, among the holders of each such class, pro rata in proportion to their respective Percentage Interests of such class on such Partnership Record Date); provided, that in no event may a Partner receive a distribution of Available Cash with respect to a Partnership Unit if such Partner is entitled to receive a distribution out of such Available Cash with respect to a REIT Share for which such Partnership Unit has been exchanged, and any such distribution shall be made to the Company. In accordance with Section 4.6(A), LTIP Unitholders shall be entitled to receive distributions pursuant to this Section 5.1 in an amount per LTIP Unit equal to distributions made per Class C Common Unit.

Section 5.2. Amounts Withheld

All amounts withheld pursuant to the Code or any provisions of federal, state, local or non-U.S. tax law and Section 10.4 hereof with respect to any allocation, payment or distribution to any Partner or Assignee shall be treated as amounts distributed to such Partner or Assignee pursuant to Section 5.1 for all purposes under this Agreement.

Section 5.3. Distributions Upon Liquidation

Proceeds from a Sale of the Partnership and any other cash received or reductions in reserves made after commencement of the liquidation of the Partnership shall be distributed to the Partners in accordance with Section 13.2.

Section 5.4. Restricted Distributions

Notwithstanding any provision to the contrary contained in this Agreement, the Partnership, and the General Partner on behalf of the Partnership, shall not make a

distribution to any Partner on account of its interest in the Partnership if such distribution would violate Section 17-607 of the Act or other applicable law.

Section 5.5. Compliance with REIT Requirements

The General Partner shall make such reasonable efforts, following the direction and approval of the Board of Directors and consistent with the Company's qualification as a REIT, to cause the Partnership to distribute sufficient amounts to enable the Company, for so long as the Company has determined to qualify as a REIT, to pay stockholder dividends that will (a) satisfy the requirements for qualifying as a REIT under the Code and Regulations (the "REIT Requirements") and (b) except to the extent otherwise determined by the Company, eliminate any federal income or excise tax liability of the Company.

ARTICLE 6.

ALLOCATIONS

Section 6.1. Allocations For Capital Account Purposes

A. After giving effect to the special allocations set forth in Section 1 of Exhibit B attached hereto for the applicable taxable year or other allocation period, and subject to Section 4 of Exhibit A attached hereto, Net Income for each taxable year or other allocation period shall be allocated to the Partners' Capital Accounts in the following order of priority:

(1) First, to the General Partner until the cumulative Net Income allocated to the General Partner under this Section 6.1(A)(1) equals the cumulative Net Loss allocated to the General Partner under Section 6.1(B)(3);

(2) Second, to the holders of Series A Preferred Units, Series B Preferred Units and Series C Preferred Units, pro rata in accordance with their respective Percentage Interests in the Series A Preferred Units, Series B Preferred Units and Series C Preferred Units, until the cumulative Net Income allocated to such holders under this Section 6.1(A)(2) equals the cumulative Net Loss allocated to such holders under Section 6.1(B)(2) (pro rata in accordance with the excess of such Net Loss over such Net Income for each such holder);

(3) Third, to the holders of Common Units and LTIP Units until the cumulative Net Income allocated to such holders under this Section 6.1(A)(3) equals the cumulative Net Loss allocated to such holders under Section 6.1(B)(1) (pro rata in accordance with the excess of such Net Loss over such Net Income for each such holder);

(4) Fourth, 100% to the holders of Series A Preferred Units, Series B Preferred Units and Series C Preferred Units, pro rata in accordance with their respective Percentage Interests in the Series A Preferred Units, Series B Preferred Units and Series C Preferred Units, until the cumulative Net Income allocated to

such holders under this Section 6.1(A)(4) is equal to the excess of (x) the cumulative amount of distributions such holders have received with respect to the Series A Preferred Units, Series B Preferred Units and Series C Preferred Units (other than distributions of Base Liquidation Preference or liquidation preference, as applicable) for all Partnership Years or other applicable period or to the date of redemption, to the extent such Series A Preferred Units, Series B Preferred Units and Series C Preferred Units are redeemed during such period, over (y) the cumulative Net Income allocated to such holders with respect to the Series A Preferred Units, Series B Preferred Units and Series C Preferred Units, pursuant to this Section 6.1(A)(4) for all prior Partnership Years or other applicable periods; and

(5) Thereafter, to the holders of Common Units and LTIP Units pro rata in accordance with their respective Percentage Interests in the Common Units.

B. After giving effect to the special allocations set forth in Section 1 of Exhibit B attached hereto for the applicable taxable year or other allocation period, and subject to Section 4 of Exhibit A attached hereto, Net Loss for each taxable year or other allocation period shall be allocated to the Partners' Capital Accounts in the following order of priority:

(1) First, to the holders of Common Units and LTIP Units with positive balances in their Economic Capital Account Balances attributable to the Common Units and LTIP Units in accordance with such balances until the Economic Capital Account Balances attributable to the Common Units and LTIP Units are reduced to zero;

(2) Second, to the holders of the Series A Preferred Units, Series B Preferred Units and Series C Preferred Units, pro rata in accordance with their respective Percentage Interests in each of the Series A Preferred Units, Series B Preferred Units and Series C Preferred Units, until the Adjusted Capital Account of such holders is reduced to zero; and

(3) Thereafter, to the General Partner.

For purposes of determining allocations of Net Loss pursuant to Section 6.1(B)(1), a holder of a Profits LTIP Unit shall be treated as having a separate Economic Capital Account Balance, and for this purpose a separate Capital Account with an appropriate share of Partnership Minimum Gain and Partner Minimum Gain shall be maintained, for each tranche of Profits LTIP Units with a different issuance date that it holds and a separate Capital Account for its Common Units or Capital LTIP Units, if applicable, and the Economic Capital Account Balance of each holder of Common Units or Capital LTIP Units shall not include any Economic Capital Account Balance attributable to other series or classes of Partnership Units.

C. It is the intention of the parties hereunder that the aggregate Capital Account balance of any holder of Series A Preferred Units, Series B Preferred Units or Series C Preferred Units in respect of its Series A Preferred Units, Series B Preferred

Units or Series C Preferred Units at any date shall not exceed the amount of the original Capital Contributions made in respect of its Series A Preferred Units, Series B Preferred Units or Series C Preferred Units plus all accrued and unpaid distributions thereon, whether or not declared, to the extent not previously distributed. Notwithstanding anything to the contrary contained herein, in connection with the liquidation of the Partnership or the interest of a holder of Series A Preferred Units, Series B Preferred Units or Series C Preferred Units, and prior to making any other allocations of Net Income or Net Loss, items of income and gain or deduction and loss shall first be allocated to each holder of Series A Preferred Units, Series B Preferred Units or Series C Preferred Units in respect of its Series A Preferred Units, Series B Preferred Units or Series C Preferred Units in such amounts as is required to cause the Adjusted Capital Account of such holders with respect to such Series A Preferred Units, Series B Preferred Units or Series C Preferred Units (taking into account any amounts such Partner is obligated to contribute to the capital of the Partnership or is deemed obligated to contribute pursuant to Regulations Section 1.704-1(b)(2)(ii)(c)(2)) to equal the amount such Partner is entitled to receive pursuant to the provisions of Sections 6 and 7 of each of Annex B, Annex C and Annex D hereof, as applicable.

ARTICLE 7.

MANAGEMENT AND OPERATIONS OF BUSINESS

Section 7.1. Management

A. Except as otherwise expressly provided in this Agreement, all management powers over the business and affairs of the Partnership are and shall be exclusively vested in the General Partner, and no Limited Partner or other Person shall have any right to participate in or exercise control or management power over the business and affairs of the Partnership. The General Partner may be removed, with or without cause, by the Partnership Board in accordance with Sections 7.12 and 11.2. In addition to the powers now or hereafter granted to a general partner of a limited partnership under applicable law or which are granted to the General Partner under any other provision of this Agreement, the General Partner, subject to the terms of this Agreement, shall have full power and authority to do all things deemed necessary, desirable or convenient by it to conduct the business of the Partnership, to exercise all powers set forth in Section 3.2 hereof and to effectuate the purposes set forth in Section 3.1 hereof. Notwithstanding the foregoing, the General Partner shall not do any of the following without the prior approval of the Board of Directors:

(1) the making of any expenditures, the lending or borrowing of money (including, without limitation, making prepayments on loans and borrowing money to permit the Partnership to make distributions to its Partners in such amounts as will permit the Company (so long as the Company desires to maintain its qualification as a REIT) to avoid the payment of any U.S. federal income tax (including, for this purpose, any excise tax pursuant to Section 4981 of the Code) and to make distributions to its shareholders in amounts sufficient to permit the Company to maintain its REIT status), the assumption or guarantee of, or other

contracting for, indebtedness and other liabilities, the issuance of evidence of indebtedness (including the securing of the same by deed, mortgage, deed of trust or other lien or encumbrance on the Partnership's assets or any assets of its Subsidiaries) and the incurring of any obligations it deems necessary for the conduct of the activities of the Partnership;

(2) the making of tax, regulatory and other filings or elections, or rendering of periodic or other reports to governmental or other agencies having jurisdiction over the business or assets of the Partnership;

(3) the acquisition, disposition, mortgage, pledge, encumbrance, hypothecation or exchange of any assets of the Partnership (including the exercise or grant of any conversion, option, privilege, or subscription right or other right available in connection with any assets at any time held by the Partnership) or the merger or other combination of the Partnership with or into another entity (all of the foregoing subject to any prior approval only to the extent required by Section 7.3 hereof);

(4) the mortgage, pledge, encumbrance or hypothecation of any assets of the Partnership, the use of the assets of the Partnership (including, without limitation, cash on hand) for any purpose consistent with the terms of this Agreement and on any terms that it sees fit, including, without limitation, the financing of the conduct of the operations of the Partnership, the Company or any of the Partnership's or the Company's Subsidiaries, the lending of funds to other Persons (including, without limitation, the Subsidiaries of the Partnership and/or the Company) and the repayment of obligations of the Partnership and its Subsidiaries and any other Person in which it has an equity investment, and the making of capital contributions to its Subsidiaries;

(5) the negotiation, execution, delivery and performance of any contracts (including leases), conveyances or other instruments that the General Partner considers useful or necessary or convenient to the conduct of the Partnership's operations or the implementation of the General Partner's powers under this Agreement, including, without limitation, contracting with consultants, accountants, legal counsel, other professional advisors and other agents and the payment of their expenses and compensation out of the Partnership's assets;

(6) the distribution of Partnership cash or other Partnership assets in accordance with this Agreement;

(7) holding, managing, investing and reinvesting cash and other assets of the Partnership;

(8) the amending, restating and/or supplementing of this Agreement or the Certificate;

(9) the establishment of one or more divisions of the Partnership, the selection and dismissal of employees of the Partnership (including, without

limitation, employees who may be designated as officers with titles such as “president,” “vice president,” “secretary” and “treasurer” of the Partnership), and agents, outside attorneys, accountants, consultants and contractors of the Partnership, and the determination of their compensation and other terms of employment or hiring;

(10) the formation of, or acquisition of an interest in, and the contribution of property to, any further limited or general partnerships, limited liability companies, real estate investment trusts, corporations, entities that are treated as REITs, “taxable REIT subsidiaries” or as foreign corporations for federal income tax purposes, joint ventures or other relationships that it deems desirable (including, without limitation, the acquisition of interests in, and the contributions of property or the making of loans to, its or the Company’s Subsidiaries and any other Person in which it has an equity investment from time to time or the incurrence of indebtedness on behalf of such Persons or the guarantee of obligations of such Persons and the making of any tax, regulatory or other filing or election with respect to any of the foregoing Persons); provided, that as long as the Company has determined to continue to qualify as a REIT, the Partnership may not engage in any such formation, acquisition or contribution that would cause the Company to fail to qualify as a REIT;

(11) the control of any matters affecting the rights and obligations of the Partnership, including the settlement, compromise, submission to arbitration or any other form of dispute resolution, or abandonment of, any claim, cause of action, liability, Debt or damages, due or owing to or from the Partnership, the commencement or defense of suits, legal proceedings, administrative proceedings, arbitrations or other forms of dispute resolution, and the representation of the Partnership in all suits or legal proceedings, administrative proceedings, arbitrations or other forms of dispute resolution, the incurrence of legal expense, and the indemnification of any Person against liabilities and contingencies to the extent permitted by law;

(12) the undertaking of any action in connection with the Partnership’s direct or indirect investment in any Subsidiary or any other Person (including, without limitation, the contribution or loan of funds by the Partnership to such Persons);

(13) the determination of the fair market value of any Partnership property distributed in kind using such reasonable method of valuation as the General Partner may adopt;

(14) the enforcement of any rights against any Partner pursuant to representations, warranties, covenants and indemnities relating to such Partner’s contribution of property or assets to the Partnership;

(15) the exercise, directly or indirectly, through any attorney-in-fact acting under a general or limited power of attorney, of any right, including the right to vote, appurtenant to any asset or investment held by the Partnership;

(16) the exercise of any of the powers of the General Partner enumerated in this Agreement on behalf of or in connection with any Subsidiary of the Partnership or any other Person in which the Partnership has a direct or indirect interest, or jointly with any such Subsidiary or other Person;

(17) the exercise of any of the powers of the General Partner enumerated in this Agreement on behalf of any Person in which the Partnership does not have an interest pursuant to contractual or other arrangements with such Person;

(18) the making, execution, delivery and performance of any and all deeds, leases, notes, mortgages, deeds of trust, security agreements, conveyances, contracts, guarantees, warranties, indemnities, waivers, releases or legal instruments or agreements in writing necessary, appropriate or convenient, in the judgment of the General Partner, for the accomplishment of any of the powers of the General Partner enumerated in this Agreement;

(19) the issuance of additional Partnership Units and other partnership interests to any Partners or other Persons;

B. Subject to the rights of the Partners and the approval of the Board of Directors as set forth in this Agreement, including, but not limited to, Section 7.1, each of the Limited Partners agrees that the General Partner is authorized to execute, deliver and perform the above-mentioned agreements and transactions on behalf of the Partnership, and otherwise to exercise any power of the General Partner under this Agreement or the Act, without any further act, approval or vote of the Partners, notwithstanding any other provision of this Agreement (except as provided in Section 7.3), the Act or any applicable law, rule or regulation, to the fullest extent permitted under the Act or other applicable law, rule or regulation. The execution, delivery or performance by the General Partner or the Partnership of any agreement authorized or permitted under this Agreement shall not constitute a breach by the General Partner of any duty that the General Partner may owe the Partnership or the Limited Partners or any other Persons under this Agreement or of any duty stated or implied by law or equity.

C. At all times from and after the date hereof, the General Partner, following the direction and approval of the Board of Directors, may cause the Partnership to establish and maintain at any and all times working capital accounts and other cash or similar balances in such amounts as the General Partner, following the direction and approval of the Board of Directors, deems appropriate and reasonable from time to time.

D. In exercising its authority under this Agreement, the General Partner (solely to the extent directed by the Board of Directors, and in all cases in accordance with such direction from the Board of Directors) shall take into account the tax consequences to any Partner of any action taken (or not taken) by it. The General Partner, the Board of

Directors and the Partnership shall not be liable to a Limited Partner under any circumstances as a result of an income tax or other tax liability incurred by such Limited Partner as a result of an action (or inaction) by the General Partner taken pursuant to its authority under this Agreement or at the direction of the Board of Directors.

Section 7.2. Certificate of Limited Partnership

The Initial General Partner filed the Certificate with the Secretary of State of the State of Delaware as required by the Act. The General Partner shall use all reasonable efforts to cause to be filed such other certificates or documents as may be reasonable and necessary or appropriate for the formation, continuation, qualification and operation of a limited partnership (or a partnership in which the limited partners have limited liability) in the State of Delaware and any other state, or the District of Columbia, in which the Partnership may elect to do business or own property. To the extent that such action is determined by the General Partner to be reasonable and necessary or appropriate or convenient, the General Partner shall file amendments to and restatements of the Certificate and do all of the things to maintain the Partnership as a limited partnership (or a partnership in which the limited partners have limited liability) under the laws of the State of Delaware and each other state, or the District of Columbia, in which the Partnership may elect to do business or own property. Subject to the terms of Section 8.5(A)(2) hereof, the General Partner shall not be required, before or after filing, to deliver or mail a copy of the Certificate or any amendment thereto or restatement thereof to any Limited Partner.

Section 7.3. Restrictions on General Partner Authority

The General Partner may not take any action in contravention of an express prohibition or limitation of this Agreement without the written consent of Limited Partners holding a majority of the Percentage Interests held by Limited Partners, or such other percentage of the Limited Partners as may be specifically provided for under a provision of this Agreement.

Section 7.4. Reimbursement of the General Partner and the Company

A. Except as provided in this Section 7.4 and elsewhere in this Agreement (including the provisions of Articles 5 and 6 regarding distributions, payments, and allocations to which it may be entitled), the General Partner shall not be compensated for its services as general partner of the Partnership.

B. The Partnership shall be responsible for and shall pay all expenses relating to the Partnership's and the General Partner's organization and the ownership of each of their assets and operations. The General Partner shall be reimbursed on a monthly basis for all expenditures that it reasonably incurs relating to the ownership and operation of, or for the benefit of, the Partnership; provided, that the amount of any such reimbursement shall be reduced by any interest earned by the General Partner with respect to bank accounts or other instruments or accounts held by it on behalf of the Partnership; and provided, further, that the General Partner shall not be reimbursed for any (i)

trustees'/directors' fees, (ii) income tax liabilities or (iii) filing or similar fees in connection with maintaining the General Partner's continued existence that are incurred by the General Partner, but the Partners acknowledge that all other expenses of the General Partner is deemed to be for the benefit of the Partnership. Such reimbursement shall be in addition to any reimbursement made as a result of indemnification pursuant to Section 7.7 hereof. Included among the expenditures for which the General Partner shall be entitled to reimbursement hereunder shall be any payments of debt service made by the General Partner, in its capacity as General Partner, as guarantor or otherwise, with respect to indebtedness encumbering any property held by the Partnership.

C. In the event that the Company shall elect to purchase from its shareholders REIT Shares for the purpose of delivering such REIT Shares to satisfy an obligation under any distribution reinvestment program adopted by the Company, any employee share purchase plan adopted by the Company, or any similar obligation or arrangement undertaken by the Company in the future, the purchase price paid by the Company for such REIT Shares and any other expenses incurred by the Company in connection with such purchase shall be considered expenses of the Partnership and shall be reimbursed to the Company, subject to the condition that: (i) if such REIT Shares subsequently are sold by the Company, the Company shall pay to the Partnership any proceeds received by the Company for such REIT Shares (which sales proceeds shall include the amount of distributions reinvested under any distribution reinvestment or similar program; provided, that a transfer of REIT Shares for Partnership Units pursuant to Section 8.6 would not be considered a sale for such purposes); and (ii) if such REIT Shares are not retransferred by the Company within 30 days after the purchase thereof, the General Partner shall cause the Partnership to cancel a number of Partnership Units held by the Company equal to the product obtained by multiplying the Conversion Factor by the number of such REIT Shares (in which case such reimbursement shall be treated as a distribution in redemption of Partnership Units held by the Company).

D. The General Partner, its personnel or the holders, directly or indirectly, of any of the equity of the General Partner may be compensated through participation in Equity Incentive Plans (i) of the Company as determined by the Company in its discretion and in accordance with its compensation policies or (ii) of the Partnership in accordance with the terms of this Agreement. The Board may also determine to compensate the same in any manner it deems appropriate. Compensation of the personnel of the General Partner or the direct or indirect holders of equity of the General Partner shall not require the approval or consent of the General Partner except to the extent such compensation requires the issuance of LTIP Units or other Partnership Units in accordance with this Agreement.

Section 7.5. Outside Activities of the General Partner

The General Partner and any Affiliates of the General Partner shall only conduct the activities contemplated by this Agreement. Notwithstanding the foregoing, the General Partner and any Affiliates of the General Partner may (a) acquire Limited Partner Interests and shall be entitled to exercise all rights of a Limited Partner relating to such Limited Partner Interests and (b) acquire less than 5% of the equity securities of any

Person, which securities are listed on any national securities exchange and the General Partner or such Affiliate has no other business relationship, direct or indirect, with the issuer of such securities. For the avoidance of doubt, family members of Affiliates of the General Partner are permitted to own real estate for commercial purposes.

Section 7.6. Contracts with Affiliates

A. The Partnership may lend or contribute funds or other assets to, and borrow funds from, its or the Company's Subsidiaries or other Persons in which it or the Company has an equity or other interests and such Persons may borrow funds from, and lend or contribute funds or assets to, the Partnership, on terms and conditions established by the General Partner, following the direction and approval of the Board of Directors. The foregoing authority shall not create any right or benefit in favor of any Subsidiary or any other Person.

B. Except as provided in Section 7.5, the Partnership may transfer assets to joint ventures, other partnerships, limited liability companies, real estate investment trusts, corporations or other business entities in which it is or thereby becomes a participant upon such terms and subject to such conditions consistent with this Agreement and applicable law as the General Partner deems appropriate, following the direction and approval of the Board of Directors.

C. Except as expressly permitted by this Agreement, neither the General Partner nor any of its Affiliates shall sell, transfer or convey any property to, or purchase any property from, the Partnership, directly or indirectly, except pursuant to transactions that are determined by the General Partner in good faith to be fair and reasonable following the direction and approval of the Board of Directors.

D. The General Partner, following the direction and approval of the Board of Directors, may propose and adopt, on behalf of the Partnership, employee benefit plans, share option plans, and similar plans funded by the Partnership for the benefit of employees of the General Partner, the Company, the Partnership, Subsidiaries of the Partnership or any Affiliate of any of them in respect of services performed, directly or indirectly, for the benefit of the Partnership, the Company, the General Partner or any Subsidiaries of the Partnership.

E. The General Partner, following the direction and approval of the Board of Directors, shall cause the Partnership to contribute the proceeds from offerings of REIT Shares that the Company contributes to the Partnership in exchange for Partnership Units to the Partnership's Subsidiaries at the discretion of the General Partner, following the direction and approval of the Board of Directors.

Section 7.7. Indemnification

A. To the fullest extent permitted by Delaware law, the Partnership shall indemnify each Indemnatee from and against any and all losses, claims, damages, liabilities, joint or several, expenses (including, without limitation, attorneys' fees and other legal fees and expenses), judgments, fines, settlements, and other amounts arising from

any and all claims, demands, actions, suits or proceedings, civil, criminal, administrative or investigative, that relate to the operations of the Partnership or the Company as set forth in this Agreement, in which such Indemnitee may be involved, or is threatened to be involved, as a party or otherwise, except to the extent such Indemnitee acted in bad faith, or with gross negligence or willful misconduct. Without limitation, the foregoing indemnity shall extend to any liability of any Indemnitee, pursuant to a loan guaranty or otherwise for any indebtedness of the Partnership or any Subsidiary of the Partnership (including without limitation, any indebtedness which the Partnership or any Subsidiary of the Partnership has assumed or taken subject to), and the General Partner is hereby authorized and empowered, on behalf of the Partnership, to enter into one or more indemnity agreements consistent with the provisions of this Section 7.7 in favor of any Indemnitee having or potentially having liability for any such indebtedness. Any indemnification pursuant to this Section 7.7 shall be made only out of the assets of the Partnership, and neither the General Partner nor any Limited Partner shall have any obligation to contribute to the capital of the Partnership, or otherwise provide funds, to enable the Partnership to fund its obligations under this Section 7.7.

B. Reasonable expenses incurred by an Indemnitee who is a party to a proceeding shall be paid or reimbursed by the Partnership in advance of the final disposition of the proceeding, upon receipt by the Partnership of an undertaking by or on behalf of the Indemnitee to repay such amount if it shall be determined that the Indemnitee is not entitled to be indemnified as authorized in Section 7.7(A).

C. The indemnification provided by this Section 7.7 shall be in addition to any other rights to which an Indemnitee or any other Person may be entitled under any agreement, pursuant to any vote of the Partners, as a matter of law or otherwise, and shall continue as to an Indemnitee who has ceased to serve in such capacity unless otherwise provided in a written agreement pursuant to which such Indemnitees are indemnified.

D. The Partnership may purchase and maintain insurance, on behalf of the Indemnitees and such other Persons as the General Partner shall determine, against any liability that may be asserted against or expenses that may be incurred by such Person in connection with the Partnership's activities, regardless of whether the Partnership would have the power to indemnify such Person against such liability under the provisions of this Agreement.

E. For purposes of this Section 7.7, the Partnership shall be deemed to have requested an Indemnitee to serve as fiduciary of an employee benefit plan whenever the performance by it of its duties to the Partnership also imposes duties on, or otherwise involves services by, it to the plan or participants or beneficiaries of the plan; excise taxes assessed on an Indemnitee with respect to an employee benefit plan pursuant to applicable law shall constitute fines within the meaning of this Section 7.7; and actions taken or omitted by the Indemnitee with respect to an employee benefit plan in the performance of its duties for a purpose reasonably believed by it to be in the interest of the participants and beneficiaries of the plan shall be deemed to be for a purpose which is not opposed to the best interests of the Partnership.

F. In no event may an Indemnitee subject any of the Partners to personal liability by reason of the indemnification provisions set forth in this Agreement.

G. An Indemnitee shall not be denied indemnification in whole or in part under this Section 7.7 because the Indemnitee had an interest in the transaction with respect to which the indemnification applies if the transaction was otherwise permitted by the terms of this Agreement.

H. The provisions of this Section 7.7 are for the benefit of the Indemnitees, their heirs, successors, assigns and administrators and shall not be deemed to create any rights for the benefit of any other Persons. Any amendment, modification or repeal of this Section 7.7 or any provision hereof shall be prospective only and shall not in any way affect the Partnership's liability to any Indemnitee under this Section 7.7, as in effect immediately prior to such amendment, modification, or repeal with respect to claims arising from or relating to matters occurring, in whole or in part, prior to such amendment, modification or repeal, regardless of when such claims may arise or be asserted.

Section 7.8. Liability of the General Partner

A. Notwithstanding anything to the contrary set forth in this Agreement, none of the General Partner, its Affiliates, or any of their respective officers, trustees, directors, shareholders, partners, members, employees, representatives or agents or any officer, employee, representative or agent of the Partnership and its Affiliates (individually, a "Covered Person" and collectively, the "Covered Persons") shall be liable for monetary damages to the Partnership, any Partners or any Assignees for losses sustained or liabilities incurred as a result of errors in judgment or of any act or omission if the Covered Person's conduct did not constitute bad faith, gross negligence or willful misconduct.

B. The Limited Partners expressly acknowledge that the General Partner is acting on behalf of the Partnership, the Limited Partners and the Company collectively, that the General Partner is under no obligation to consider the separate interests of the Limited Partners (except as otherwise provided herein) in deciding whether to cause the Partnership to take (or decline to take) any actions. In the event of a conflict between the interests of the Company on the one hand and the Limited Partners on the other, the General Partner shall, consult with the Board of Directors, endeavor in good faith to resolve the conflict in a manner not adverse to either the Company or the Limited Partners; provided, however, that any such conflict that the General Partner in good faith determines cannot be resolved in a manner not adverse to either the Company or the Limited Partners shall be resolved in favor of the Company. The General Partner shall not be liable for monetary damages for losses sustained, liabilities incurred, or benefits not derived by Limited Partners in connection with such decisions; provided, that the General Partner has acted in good faith.

C. Subject to its obligations and duties as General Partner set forth in Section 7.1(A) hereof, the General Partner may exercise any of the powers granted to it by this Agreement and perform any of the duties imposed upon it hereunder either directly or by or through its employees and agents.

D. Any amendment, modification or repeal of this Section 7.8 or any provision hereof shall be prospective only and shall not in any way affect the limitations on the Covered Person's liability to the Partnership and the Limited Partners under this Section 7.8 as in effect immediately prior to such amendment, modification or repeal with respect to claims arising from or relating to matters occurring, in whole or in part, prior to such amendment, modification or repeal, regardless of when such claims may arise or be asserted.

E. To the extent that, at law or in equity, a Covered Person has duties (including fiduciary duties) and liabilities relating thereto to the Partnership or to the Partners, any Covered Person acting under this Agreement or otherwise shall not be liable to the Partnership or to any Partner for its good faith reliance on the provisions of this Agreement. The provisions of this Agreement, to the extent that they restrict the duties and liabilities of a Covered Person otherwise existing at law or in equity, are agreed by the Partners to replace such other duties and liabilities of such Covered Person.

Section 7.9. Other Matters Concerning the General Partner

A. The General Partner may rely and shall be protected in acting, or refraining from acting, upon any resolution, certificate, statement, instrument, opinion, report, notice, request, consent, order, bond, debenture, or other paper or document believed by it in good faith to be genuine and to have been signed or presented by the proper party or parties.

B. The General Partner may consult with legal counsel, accountants, appraisers, management consultants, investment bankers, architects, engineers, environmental consultants and other consultants and advisers selected by it, following the direction and approval of the Board of Directors, and any act taken or omitted to be taken in reliance upon the opinion of such Persons as to matters which the General Partner reasonably believes to be within such Person's professional or expert competence shall be conclusively presumed to have been done or omitted in good faith and in accordance with such opinion.

C. The General Partner shall have the right, in respect of any of its powers or obligations hereunder, to act through any of its duly authorized officers and duly appointed attorneys-in-fact. Each such attorney shall, to the extent provided by the General Partner in the power of attorney, have full power and authority to do and perform each and every act and duty which is permitted or required to be done by the General Partner hereunder.

D. Notwithstanding any other provisions of this Agreement or the Act, any action of the General Partner on behalf of the Partnership or any decision of the General Partner to refrain from acting on behalf of the Partnership, undertaken in the good faith belief that such action or omission is necessary or advisable in order (i) to protect the ability of the Company to continue to qualify as a REIT; (ii) for the Company to otherwise satisfy the REIT Requirements; or (iii) to avoid the Company incurring any taxes under Section 337(d), 857, 1374 or 4981 of the Code, is expressly authorized under this Agreement and is deemed approved by all of the Limited Partners.

Section 7.10. Title to Partnership Assets

Title to Partnership assets, whether real, personal or mixed and whether tangible or intangible, shall be deemed to be owned by the Partnership as an entity, and no Partner, individually or collectively, shall have any ownership interest in such Partnership assets or any portion thereof.

Section 7.11. Reliance by Third Parties

Notwithstanding anything to the contrary in this Agreement, any Person dealing with the Partnership shall be entitled to assume that the General Partner has full power and authority, without consent or approval of any other Partner or Person (unless set forth herein), to encumber, sell or otherwise use in any manner any and all assets of the Partnership and to enter into any contracts on behalf of the Partnership, and take any and all actions on behalf of the Partnership and such Person shall be entitled to deal with the General Partner as if the General Partner were the Partnership's sole party in interest, both legally and beneficially. Each Limited Partner hereby waives any and all defenses or other remedies which may be available against such Person to contest, negate or disaffirm any action of the General Partner in connection with any such dealing. In no event shall any Person dealing with the General Partner or its representatives be obligated to ascertain that the terms of this Agreement have been complied with or to inquire into the necessity or expedience of any act or action of the General Partner or its representatives. Each and every certificate, document or other instrument executed on behalf of the Partnership by the General Partner or its representatives shall be conclusive evidence in favor of any and every Person relying thereon or claiming thereunder that (i) at the time of the execution and delivery of such certificate, document or instrument, this Agreement was in full force and effect; (ii) the Person executing and delivering such certificate, document or instrument was duly authorized and empowered to do so for and on behalf of the Partnership; and (iii) such certificate, document or instrument was duly executed and delivered in accordance with the terms and provisions of this Agreement and is binding upon the Partnership.

Section 7.12. Board of Directors of the Partnership

The Partners hereby agree, in accordance with Section 17-403 of the Act, that the Partnership shall have a committee of the Partners' representatives, which are elected, designated or otherwise chosen as provided in this Section 7.12 (the "Partnership Board"). The Partnership Board shall be comprised of members (the "Partnership Directors") and constitute a "committee" for purposes of Section 17-303(b)(7) of the Act. The Partners, including the General Partner, hereby delegate and vest the Partnership Board with the exclusive responsibility and authority to select, remove and replace the General Partner, and to take such actions necessary or incidental thereto, from time to time, on the terms specified in Section 11.2 of this Agreement. Such delegation and vesting of responsibility and authority shall be irrevocable except as required by the Act and, for avoidance of doubt, includes exclusive responsibility and authority to authorize and approve the withdrawal of the General Partner, the transfer of the General Partner Interest and admission of a successor General Partner to the Partnership. The

Partnership Board shall have no other authority, duties or responsibilities. For avoidance of doubt, the voting and consent rights of the holders of Common Units as provided under this Section 7.12 are subject to the terms of voting or consent rights of holders of a series or class of Common Units specified in this Agreement.

A. Elections and Vacancies; Removal of a Partnership Director. The holders of Common Units shall be entitled to remove a Partnership Director at any time upon the affirmative vote or consent of the holders of a majority of the then-issued and outstanding Common Units, voting together a single class. If a Partnership Director resigns, is removed or otherwise ceases to be a Partnership Director, or there is otherwise a vacant directorship, the holders of Common Units shall have the power to elect a Partnership Director to fill the vacancy upon the affirmative vote or consent of the holders of a majority of the then-issued and outstanding Common Units. Each Partnership Director shall serve until the earlier of such Partnership Director's death, incapacity, resignation, or removal. The Company shall have the sole authority to elect and appoint the initial member of the Partnership Board.

B. Resignation of a Partnership Director. A Partnership Director may resign as a Partnership Director by written instrument signed by the resigning Partnership Director and delivered to the Partnership Board or, if there are no other Partnership Directors, then to the General Partner. Any such resignation shall take effect upon such delivery or upon such later date as is specified in such instrument; provided, no resignation may be effective prior to the date of receipt without the unanimous consent of the Partnership Board or, if there are no other Partnership Directors, then the consent of the General Partner. Vacancies arising from resignation may be filled in accordance with Section 7.12(A).

C. Number and Other Qualifications; Chairperson. The Partnership Board shall consist of at least one and up to three Partnership Directors, or such other number as may be changed from time to time by the written consent of the holders of a majority of the then-issued and outstanding Common Units. Any written consent must set forth the new number of Partnership Directors and shall be filed with the records of the Partnership. The number of Partnership Directors shall initially be one. A Partnership Director need not be a resident of the State of Delaware. The Partnership Board in its discretion may elect a Chairperson of the Board who shall preside at meetings of the Partnership Board. In the case of a Partnership Board with only one Partnership Director, that Partnership Director shall be the Chairperson.

D. Meetings. The Partnership Board shall meet at such time and at such place as the Partnership Board may designate. The Chairperson or a majority of the Partnership Directors may call a special meeting of the Partnership Board. Meetings of the Partnership Board may be held either in person or by means of a telephone or video conference or other communication device that permits each Partnership Director participating in the meeting to hear each other Partnership Director, at the office of the Partnership or such other place as may be determined from time to time by the Partnership Board. Written notice of each meeting of the Partnership Board shall be given to each Partnership Director at least 48 hours prior to each such meeting. Attendance of

a Partnership Director at any meeting shall constitute a waiver of notice of such meeting, except where a Partnership Director attends a meeting for the express purpose of objecting to the transaction of any business on the ground that the meeting is not lawfully called or convened. Neither the business to be transacted at, nor the purpose of, any meeting of the Board need be specified in the notice or waiver of notice of such meeting.

E. Quorum; Voting. At all meetings of the Partnership Board, the presence of a majority of the Partnership Directors serving on the Partnership Board shall be necessary and sufficient to constitute a quorum for the transaction of business unless a greater number is required by law. At a meeting at which a quorum is present, the act of a majority of all of the Partnership Directors present at the meeting shall be the act of the Partnership Board, except as otherwise provided by law or this Agreement. If a quorum shall not be present at any meeting of the Partnership Board, the Partnership Directors present at the meeting may adjourn the meeting, without notice other than announcement at the meeting, until a quorum shall be present. On all actions to be taken and matters to be decided by the Partnership Board, each Partnership Director shall each be entitled to one vote.

F. Action by Written Consent. Any action by the Partnership Board may be taken without a meeting if all of the Partnership Directors consent to the action in writing. Such written consents must set forth the action so taken and shall be filed with the records of the meetings of the Partnership Board. Such consent shall be treated for all purposes as a vote taken at a meeting of the Partnership Board.

G. Selection, Removal and Replacement of the General Partner. The General Partner shall be selected, removed replaced by the Partnership Board on the terms specified in this Section 7.12 and Section 11.2 if this Agreement.

ARTICLE 8.

RIGHTS AND OBLIGATIONS OF LIMITED PARTNERS

Section 8.1. Limitation of Liability

Each Limited Partner acting in its capacity as such shall have no liability under this Agreement except for liability resulting from: (a) an act or omission on the part of such Limited Partner that was committed in bad faith or was the result of active and deliberate dishonesty; (b) in the case of any criminal proceeding, an act or omission that such Limited Partner had reasonable cause to believe was unlawful; (c) any transaction for which such Limited Partner actually received an improper personal benefit in money, property or services in violation or breach of any provision of this Agreement; or (d) as expressly provided in this Agreement or under the Act.

Section 8.2. Management of Business

No Limited Partner or Assignee (other than the General Partner, any of its Affiliates or any officer, trustee, director, member, employee or agent of the General Partner, the Partnership or any of their Affiliates, in their capacity as such) shall take part in the

operation, management or control (within the meaning of the Act) of the Partnership's business, transact any business in the Partnership's name or have the power to sign documents for or otherwise bind the Partnership. The transaction of any such business by the General Partner, any of its Affiliates or any officer, trustee, director, member, employee or agent of the General Partner, the Partnership or any of their Affiliates, in their capacity as such, shall not affect, impair or eliminate the limitations on the liability of the Limited Partners or Assignees under this Agreement.

Section 8.3. Outside Activities of Limited Partners

Subject to any agreements entered into by a Limited Partner or its Affiliates with the Partnership or any of its Subsidiaries, any Limited Partner (other than the Company) and any officer, trustee, director, member, employee, agent, trustee, Affiliate or shareholder of any such Limited Partner shall be entitled to and may have business interests and engage in business activities in addition to those relating to the Partnership, including business interests and activities that are in direct competition with the Partnership or that are enhanced by the activities of the Partnership. Neither the Partnership nor any Partners shall have any rights by virtue of this Agreement in any business ventures of any Limited Partner or Assignee. None of the Limited Partners (other than the Company) nor any other Person shall have any rights by virtue of this Agreement or the Partnership relationship established hereby in any business ventures of any other Person and such Person shall have no obligation pursuant to this Agreement to offer any interest in any such business ventures to the Partnership, any Limited Partner or any such other Person, even if such opportunity is of a character which, if presented to the Partnership, any Limited Partner or such other Person, could be taken by such Person.

Section 8.4. Return of Capital

Except pursuant to the right of redemption set forth in Section 8.6, no Limited Partner shall be entitled to the withdrawal or return of its Capital Contribution, except to the extent of distributions made pursuant to this Agreement or upon termination of the Partnership as provided herein. Except to the extent provided by Exhibit B hereof or as otherwise expressly provided in this Agreement, no Limited Partner or Assignee shall have priority over any other Limited Partner or Assignee, either as to the return of Capital Contributions or as to profits, losses or distributions.

Section 8.5. Rights of Limited Partners Relating to the Partnership

A. In addition to the other rights provided by this Agreement or by the Act, and except as limited by Section 8.5(C), each Limited Partner shall have the right, for a purpose reasonably related to such Limited Partner's interest as a limited partner in the Partnership, upon written demand with a statement of the purpose of such demand and at such Limited Partner's own expense (including such copying and administrative charges as the General Partner may establish from time to time):

(1) to obtain a copy of the Partnership's federal, state and local income tax returns for each Partnership Year;

(2) to obtain a copy of this Agreement and the Certificate and all amendments thereto, together with executed copies of all powers of attorney pursuant to which this Agreement, the Certificate and all amendments thereto have been executed; and

(3) to obtain true and full information regarding the amount of cash and a description and statement of any other property or services contributed by each Partner and which each Partner has agreed to contribute in the future, and the date on which each became a Partner.

B. The Partnership shall notify each Limited Partner, upon request, of the then current Conversion Factor.

C. Notwithstanding any other provision of this Section 8.5, the General Partner may keep confidential from the Limited Partners (except the Company, including for the avoidance of doubt, its Board of Directors), for such period of time as the General Partner determines, following the direction and approval of the Board of Directors to be reasonable, any information that (i) the General Partner reasonably believes to be in the nature of trade secrets or other information, the disclosure of which the General Partner in good faith believes is not in the best interests of the Partnership or could damage the Partnership or its business; or (ii) the Partnership is required by law or by agreements with an unaffiliated third party to keep confidential.

Upon written request by any Limited Partner, the General Partner shall cause the ownership of Partnership Interests by such Limited Partner to be evidenced by a certificate in such form as the General Partner may determine with respect to any class of Partnership Interests issued from time to time under this Agreement. The General Partner may direct a new certificate or certificates to be issued in place of any certificate or certificates theretofore issued by the Partnership alleged to have been lost, destroyed, stolen or mutilated, upon the making of an affidavit of that fact by the person claiming the certificate to be lost, destroyed, stolen or mutilated. Unless otherwise determined by the General Partner, the owner of such lost, destroyed, stolen or mutilated certificate or certificates, or his or her legal representative, shall be required, as a condition precedent to the issuance of a new certificate or certificates, to give the Partnership a bond in such sum as the General Partner may direct as indemnity against any claim that may be made against the Partnership.

Section 8.6. Redemption Right

A. Subject to Sections 8.6(B) and 8.6(C) hereof and at any time on or after such date as expressly provided for in any agreement entered into between the Partnership and any Limited Partner, each holder of a Common Unit (if other than the General Partner), including a holder of any LTIP Units that are converted into Class C Common Units, shall have the right (the "Redemption Right") to require the Partnership

to redeem on a Specified Redemption Date all or a portion of the Partnership Units (provided that such Partnership Units constitute Common Units) held by such holder at a redemption price equal to and in the form of the Cash Amount to be paid by the Partnership; provided that the Partnership Units shall have been outstanding for at least one year; provided, further, that the General Partner, following the direction and approval of the Board of Directors, may allow a holder to exercise its Redemption Right prior to the Common Units being outstanding for one year in its discretion. The Redemption Right shall be exercised pursuant to a Notice of Redemption delivered to the Partnership (with a copy to the General Partner) by the holder who is exercising the redemption right (the “Redeeming Partner”); provided, however, that the Partnership shall not be obligated to satisfy such Redemption Right if the Company elects to purchase the Partnership Units subject to the Notice of Redemption pursuant to Section 8.6(B). A holder under this Section 8.6(A) may not exercise the Redemption Right for less than 1,000 Partnership Units at any one time or, if such holder holds less than 1,000 Partnership Units, all of the Partnership Units held by such Partner. The Redeeming Partner shall have no right, with respect to any Partnership Units so redeemed, to receive any distributions paid on or after the Specified Redemption Date. The Assignee of any holder herein may exercise the rights of such Limited Partner pursuant to this Section 8.6(A), and such Limited Partner shall be deemed to have assigned such rights to such Assignee and shall be bound by the exercise of such rights by such Assignee. In connection with any exercise of such rights by an Assignee on behalf of a holder in this Section 8.6(A), the Cash Amount shall be paid by the Partnership directly to such Assignee and not to such holder. Any Partnership Units redeemed by the Partnership pursuant to this Section 8.6(A) shall be cancelled upon such redemption.

B. Notwithstanding the provisions of Section 8.6(A), a Limited Partner that exercises the Redemption Right shall be deemed to have offered to sell the Partnership Units described in the Notice of Redemption to the Company, and the Company may, in its sole and absolute discretion, elect to purchase directly and acquire such Partnership Units by paying to the Redeeming Partner either the Cash Amount or the REIT Shares Amount, as elected by the Company in its sole and absolute discretion, on the Specified Redemption Date, whereupon the Company shall acquire the Partnership Units offered for redemption by the Redeeming Partner and shall be treated for all purposes of this Agreement as the owner of such Partnership Units. If the Company shall elect to exercise its right to purchase Partnership Units under this Section 8.6(B) with respect to a Notice of Redemption, it shall so notify the Redeeming Partner within five Business Days after the receipt by it of such Notice of Redemption. Unless the Company (in its sole and absolute discretion) shall exercise its right to purchase Partnership Units from the Redeeming Partner pursuant to this Section 8.6(B), the Company shall not have any obligation to the Redeeming Partner or the Partnership with respect to the Redeeming Partner's exercise of the Redemption Right. In the event the Company shall exercise its right to purchase Partnership Units with respect to the exercise of a Redemption Right in the manner described in the first sentence of this Section 8.6(B), the Partnership shall have no obligation to pay any amount to the Redeeming Partner with respect to such Redeeming Partner's exercise of such Redemption Right, and each of the Redeeming Partner, the Partnership and the Company shall treat the transaction between the Company and the Redeeming Partner, for federal income tax purposes, as a sale of the

Redeeming Partner's Partnership Units to the Company. Each Redeeming Partner agrees to execute such documents as the Company may reasonably require in connection with the issuance of REIT Shares upon exercise of the Redemption Right. In case of any reclassification of the REIT Shares (including, but not limited to, any reclassification upon a consolidation or merger in which the Company is the continuing corporation) into securities other than REIT Shares, for purposes of this Section 8.6(B), the Company (or its successor) may thereafter exercise its right to purchase Partnership Units for the kind and amount of shares of such securities receivable upon such reclassification by a holder of the number of REIT Shares for which such Partnership Units could be purchased pursuant to this Section immediately prior to such reclassification.

C. Notwithstanding the provisions of Section 8.6(A) and Section 8.6(B), a Partner shall not be entitled to exercise the Redemption Right pursuant to Section 8.6(A) to the extent that the delivery of REIT Shares to such Partner on the Specified Redemption Date by the Company pursuant to Section 8.6(B) (regardless of whether or not the Company would in fact exercise its rights under Section 8.6(B)) would (i) be prohibited, as determined in the sole discretion of the Company, under the Charter or (ii) cause the acquisition of REIT Shares by such Partner to be "integrated" with any other distribution of REIT Shares for purposes of complying with the Securities Act.

D. Each Partner covenants and agrees that all Partnership Units delivered for redemption shall be delivered to the Partnership free and clear of all liens; and, notwithstanding anything contained herein to the contrary, the Partnership shall be under no obligation to acquire Partnership Units which are or may be subject to any liens. Each Partner further agrees that, if any state or local property transfer tax is payable as a result of the transfer of its Partnership Units to the Partnership, such Partner shall assume and pay such transfer tax.

E. If a Partner exercises its Redemption Right with respect to Class B Common Units pursuant to this Section 8.6 and the Company elects to purchase directly and acquire the same, the Class B Common Units will automatically convert to Class A Common Units upon purchase and acquisition by the Company. If a Partner exercises its Redemption Right with respect to Class C Common Units pursuant to this Section 8.6 and the Company elects to purchase directly and acquire the same, the Class C Common Units will, in the discretion of the General Partner following direction and approval of the Board of Directors, convert to Class A Common Units upon purchase and acquisition by the Company or at such time as the General Partner determines, following direction and approval of the Board of Directors.

ARTICLE 9.

BOOKS, RECORDS, ACCOUNTING AND REPORTS

Section 9.1. Records and Accounting

The General Partner shall keep or cause to be kept at the principal office of the Partnership those records and documents required to be maintained by the Act and other books and records deemed by the General Partner to be appropriate with respect to the Partnership's business, including, without limitation, all books and records necessary to provide to the Limited Partners any information, lists and copies of documents required to be provided pursuant to Section 9.3 hereof. The books of the Partnership shall be maintained, for financial and tax reporting purposes, on an accrual basis in accordance with GAAP, or such other basis as the General Partner determines to be necessary or appropriate following the direction and approval of the Board of Directors.

Section 9.2. Fiscal Year

The fiscal year of the Partnership shall be the calendar year.

Section 9.3. Reports

A. As soon as practicable, but in no event later than 105 days after the close of each Partnership Year, the General Partner shall cause to be mailed to each Limited Partner as of the close of the Partnership Year, an annual report containing financial statements of the Partnership, or of the Company if such statements are prepared solely on a consolidated basis with the Company, for such Partnership Year, presented in accordance with GAAP, such statements to be audited by a nationally recognized firm of independent public accountants selected by the Company; provided, that if such financial statements of the Company are available on the Securities and Exchange Commission's website, then this obligation shall be satisfied.

B. As soon as practicable, but in no event later than 105 days after the close of each calendar quarter (except the last calendar quarter of each year), the General Partner shall cause to be mailed to each Limited Partner as of the last day of the calendar quarter, a report containing unaudited financial statements of the Partnership, or of the Company, if such statements are prepared solely on a consolidated basis with the Company, and such other information as may be required by applicable law or regulation, or as the General Partner determines to be appropriate; provided that if such financial statements of the Company are available on the Securities and Exchange Commission's website, then this obligation shall be satisfied.

C. The Partnership shall also cause to be promptly prepared such reports and/or information as are necessary for the Company to determine its qualification as a REIT and its compliance with the requirements for REITs pursuant to the Code and Regulations.

ARTICLE 10.

TAX MATTERS

Section 10.1. Preparation of Tax Returns

The General Partner, following the direction and approval of the Board of Directors, shall arrange for the preparation and timely filing of all returns of Partnership income, gains, deductions, losses and other items required of the Partnership for federal and state income tax purposes and shall furnish by July 31 of the year immediately following each taxable year, or as soon as reasonably practicable thereafter, the tax information reasonably required by Limited Partners for federal and state income tax reporting purposes.

Section 10.2. Tax Elections

Except as otherwise provided herein, the General Partner, following the direction and approval of the Board of Directors, shall determine whether to make any available election pursuant to the Code. Notwithstanding the above, in making any such tax election the General Partner and the Board of Directors may, but shall be under no obligation to, take into account the tax consequences to the Limited Partners resulting from any such election.

The General Partner can, following the direction and approval of the Board of Directors, elect to use any method permitted by Section 704(c) of the Code and the Regulations thereunder to take into account any variation between the adjusted basis of any property contributed (or deemed contributed) to the Partnership by any Partner after the date hereof and such property's initial Carrying Value. The General Partner shall have the right, following the direction and approval of the Board of Directors, regarding the exercise of that right, to seek to revoke any tax election it makes (including, without limitation, an election under Section 754 of the Code) upon the General Partner's determination, following the direction and approval of the Board of Directors, that such revocation is in the best interests of the Partners.

Section 10.3. Partnership Representative

A. The General Partner, or such Person as may alternatively be designated by the General Partner, following the direction and approval of the Board of Directors, shall be the "partnership representative" (within the meaning of Section 6223 of the Code) (the "Partnership Representative"). The taking of any action and the incurring of any expense by the Partnership Representative in connection with any such proceeding, except to the extent required by law, is a matter of the Partnership Representative, following the direction and approval of the Board of Directors, and the provisions relating to indemnification provisions set forth in Section 7.7 of this Agreement shall be fully applicable to the Partnership Representative in its capacity as such. Each Partner hereby agrees to cooperate with, and to take all reasonable actions requested by the Partnership Representative and the Partnership, to avoid or reduce any tax imposed under Section

6225 of the Code, including (i) taking such actions as may be required to effect the General Partner's designation as the Partnership Representative, and on behalf of the Partnership, the General Partner's (or its designee's) appointment of any "designated individual," (ii) providing any information or taking such other actions as may be reasonably requested by the Partnership Representative in order to determine whether any "imputed underpayment" (within the meaning of Section 6225 of the Code) may be modified pursuant to Section 6225(c) of the Code, (iii) providing any information or taking such other actions as may be reasonably requested by the Partnership Representative in connection with any election made by the Partnership Representative pursuant to Section 6226 of the Code, and (iv) upon the request of the Partnership Representative, filing any amended U.S. federal income tax return or comply with the alternative procedure described in Section 6225(c)(2)(B) of the Code, and paying any tax due in connection with such tax return in accordance with Section 6225(c)(2) of the Code or any corresponding provision of applicable state or local law. The provisions of this Section 10.3 and a Partner's obligation to comply with this Section 10.3 shall survive any liquidation and dissolution of the Partnership and the transfer, assignment or liquidation of such Partner's Partnership Interest (including for the avoidance of doubt through exercise of the Redemption Right).

B. The Partnership Representative shall receive no compensation for its services. All third party costs and expenses incurred by the Partnership Representative in performing its duties as such (including legal and accounting fees and expenses) shall be borne by the Partnership. Nothing herein shall be construed to restrict the Partnership from engaging an accounting and/or law firm to assist the Partnership Representative in discharging its duties hereunder, so long as the compensation paid by the Partnership for such services is reasonable.

Section 10.4. Withholding

Each Limited Partner hereby authorizes the Partnership to withhold from, or pay on behalf of or with respect to, such Limited Partner any amount of federal, state, local, or foreign taxes that the General Partner, following the direction and approval of the Board of Directors, determines that the Partnership is required to withhold or pay with respect to any amount distributable or allocable to such Limited Partner pursuant to this Agreement (or with respect to the grant of LTIP Units), including, without limitation, any taxes required to be withheld or paid by the Partnership pursuant to Section 1441, 1442, 1445, or 1446 of the Code, and any taxes paid by the Partnership with respect to an imputed underpayment. Any amount paid on behalf of or with respect to a Limited Partner shall constitute a loan by the Partnership to such Limited Partner, which loan shall be repaid by such Limited Partner within 15 days after notice from the General Partner that such payment must be made unless (i) the Partnership withholds such payment from a distribution which would otherwise be made to the Limited Partner, or (ii) the General Partner determines, following the direction and approval of the Board of Directors, that such payment may be satisfied out of the available funds of the Partnership which would, but for such payment, be distributed to the Limited Partner. Any amounts withheld pursuant to the foregoing clause (i) or (ii) shall be treated as having been distributed (or paid) to such Limited Partner. In the event that a Limited Partner fails to pay any amounts

owed to the Partnership pursuant to this Section 10.4 when due, the General Partner may, following the direction and approval of the Board of Directors, elect to make the payment to the Partnership on behalf of such defaulting Limited Partner, and in such event shall be deemed to have loaned such amount to such defaulting Limited Partner and shall succeed to all rights and remedies of the Partnership as against such defaulting Limited Partner. Without limitation, in such event the General Partner shall have the right to receive distributions that would otherwise be distributable to such defaulting Limited Partner until such time as such loan, together with all interest thereon, has been paid in full, and any such distributions so received by the General Partner shall be treated as having been distributed to the defaulting Limited Partner and immediately paid by the defaulting Limited Partner to the General Partner in repayment of such loan. Any amounts payable by a Limited Partner hereunder shall bear interest at the lesser of (A) the base rate on corporate loans at large United States money center commercial banks, as published from time to time in The Wall Street Journal, plus four percentage points, or (B) the maximum lawful rate of interest on such obligation, such interest to accrue from the date such amount is due (i.e., 15 days after demand) until such amount is paid in full. Each Limited Partner shall take such actions as the Partnership or the General Partner shall request in order to perfect or enforce the security interest created hereunder. Upon a Limited Partner's complete withdrawal from the Partnership, such Limited Partner shall be required to restore funds to the Partnership to the extent that the cumulative amount of taxes withheld from or paid on behalf of, or with respect to, such Limited Partner exceeds the sum of such amounts (i) repaid to the Partnership by such Limited Partner, (ii) withheld from distributions to such Limited Partner and (iii) paid by the General Partner on behalf of such Limited Partner.

ARTICLE 11.

TRANSFERS AND WITHDRAWALS

Section 11.1. Transfer

A. The term "transfer," when used in this Article 11 with respect to a Partnership Unit, shall be deemed to refer to a transaction by which the General Partner purports to assign all or any part of its General Partner Interest to another Person or by which a Limited Partner purports to assign all or any part of its Limited Partner Interest to another Person, and includes a sale, assignment, gift, pledge, encumbrance, hypothecation, mortgage, exchange or any other disposition by law or otherwise. The term "transfer" when used in this Article 11 does not include (i) any redemption of Partnership Interests by the Partnership from a Limited Partner, (ii) any acquisition of Partnership Units from a Limited Partner by the Company pursuant to Section 8.6, or (iii) any distribution of Partnership Units by a Limited Partner to its beneficial owners.

B. No Partnership Interest shall be transferred, in whole or in part, except in accordance with the terms and conditions set forth in this Article 11. Any transfer or purported transfer of a Partnership Interest not made in accordance with this Article 11 shall be null and void.

C. Notwithstanding the other provisions of this Article 11, the Partnership Interests of the Company may be transferred, in whole or in part, at any time or from time to time, to any Person that is, at the time of such transfer, a Qualified REIT Subsidiary. Upon any transfer permitted by this Section 11.1(C), the Company shall be relieved of all its obligations under this Agreement. The provisions of Sections 11.2(B), 11.3, 11.4(A) and 11.5 hereof shall not apply to any transfer permitted by this Section 11.1(C).

Section 11.2. Transfer of General Partner Interest

A. The General Partner may not transfer any of its General Partner Interest or withdraw as General Partner, except as provided in Section 11.2(B) or Section 11.2(C) hereof.

B. Except as set forth in Section 11.2(C), the General Partner shall not withdraw from the Partnership and shall not transfer all or any portion of its General Partner Interests in the Partnership (whether by sale, disposition, statutory merger or consolidation, liquidation or otherwise) unless approved by the Partnership Board. In addition, the General Partner hereby agrees, upon written instruction at any time by the Partnership Board to the following effect, to immediately (or at the time specified by such instruction) withdraw from the Partnership and transfer its General Partner Interest to any Person specified by the Partnership Board. Upon any transfer of the General Partner's Partnership Interest in accordance with the provisions of this Section 11.2(B), the transferee shall become a successor General Partner for all purposes herein, and shall be vested with the powers and rights of the transferor General Partner, and shall be liable for all obligations and responsible for all duties of the General Partner, once such transferee has executed such instruments as may be necessary to effectuate such admission and to confirm the agreement of such transferee to be bound by all the terms and provisions of this Agreement with respect to the Partnership Interest so acquired. It is a condition to any transfer by the General Partner otherwise permitted hereunder that the transferee assumes, by operation of law or express agreement, all of the obligations of the transferor General Partner under this Agreement with respect to such transferred Partnership Interest; provided, such transfer shall not relieve the transferor General Partner of its obligations under this Agreement without the approval of the Partnership Board. In the event that the General Partner withdraws from the Partnership, in violation of this Agreement or otherwise, the remaining Partners hereby agree to continue the business of the Partnership through the selection of a successor General Partner in accordance with the Act and this Agreement. Pursuant to Section 7.12 of this Agreement, the Partners delegated and vested their authority to select a successor General Partner exclusively in the Partnership Board.

C. In the event a Bankruptcy Event occurs with respect to the General Partner, the General Partner shall automatically withdraw from the Partnership, in its role as the General Partner, without any action on the part of the General Partner or any other Person, and shall transfer all of its General Partner Interest in the Partnership to the successor general partner selected by the Partnership Board.

D. To the extent the General Partner holds or, prior to withdrawal as such, held, a Limited Partner Interest, such Limited Partner Interest may not be transferred except in accordance with Section 11.3 hereof.

Section 11.3. Limited Partners' Rights to Transfer

A. Except as provided in Section 11.3(B), no Limited Partner shall transfer all or any portion of its Partnership Interest to any transferee without the approval of the Board of Directors; provided, however, that if a Limited Partner is subject to Incapacity, such Incapacitated Limited Partner may transfer all or any portion of its Partnership Interest.

B. Notwithstanding any other provision of this Article 11, a Limited Partner may transfer all or any portion of its Partnership Interest to any of its Affiliates and such transferee shall be admitted as a Substituted Limited Partner, all without obtaining the approval of the Board of Directors, unless such Affiliate does not qualify as an "accredited investor" as such term is defined in Rule 501(a) of Regulation D.

C. If a Limited Partner is subject to Incapacity, the executor, administrator, trustee, committee, guardian, conservator or receiver of such Limited Partner's estate shall have all of the rights of a Limited Partner, but not more rights than those enjoyed by other Limited Partners, for the purpose of settling or managing the estate and such power as the Incapacitated Limited Partner possessed to transfer all or any part of his or its interest in the Partnership. The Incapacity of a Limited Partner, in and of itself, shall not dissolve or terminate the Partnership.

D. Without limiting the generality of Section 11.3(B) hereof, the Board of Directors may prohibit any transfer by a Limited Partner of its Partnership Interest if, in the opinion of legal counsel to the Partnership or the Company, such transfer would require filing of a registration statement under the Securities Act or would otherwise violate any federal or state securities laws or regulations applicable to the Partnership or the Partnership Units.

E. No transfer by a Limited Partner of its Partnership Units may be made to any Person if (i) in the opinion of legal counsel for the Partnership or the Company it could result in the Partnership being treated as an association taxable as a corporation or a publicly traded partnership within the meaning of either Section 469(k)(2) or Section 7704(b) of the Code; (ii) such transfer could be treated as effectuated through an "established securities market" or a "secondary market (or the substantial equivalent thereof)" within the meaning of Section 7704 of the Code; (iii) such transfer could cause the Partnership to become, with respect to any employee benefit plan subject to Title I of ERISA or to Section 4975 of the Code, a "party-in-interest" (as defined in Section 3(14) of ERISA) or a "disqualified person" (as defined in Section 4975(c) of the Code); (iv) such transfer could, in the opinion of legal counsel for the Partnership or the Company, cause any portion of the assets of the Partnership to constitute assets of any employee benefit plan pursuant to Department of Labor Regulations Section 2510.3-101; or (v) such transfer could subject the Partnership to be regulated under the Investment Company Act

of 1940, as amended, the Investment Advisers Act of 1940, as amended, or the fiduciary responsibility provisions of ERISA.

F. No transfer of any Partnership Units may be made to a lender to the Partnership or any Person who is related (within the meaning of Regulations Section 1.752-4(b)) to any lender to the Partnership whose loan constitutes a Nonrecourse Liability, without the approval of the Board of Directors.

G. The General Partner shall keep a register for the Partnership on which the transfer, pledge or release of Partnership Units shall be shown and pursuant to which entries shall be made to effect all transfers, pledges or releases as required by the applicable sections of Article 8 of the Uniform Commercial Code, as amended, in effect in the State of Delaware. The General Partner shall (i) place proper entries in such register clearly showing each transfer and each pledge and grant of security interest and the transfer and assignment pursuant thereto, such entries to be endorsed by the General Partner, and (ii) maintain the register and make the register available for inspection by all of the Partners and their pledgees at all times during the term of this Agreement. Nothing herein shall be deemed a consent to any pledge or transfer otherwise prohibited under this Agreement.

H. If a holder of Class A Common Units or Class B Common Units transfers all or any portion of such Partnership Units to any other Person, such Partnership Units will upon transfer automatically convert to Class C Common Units, unless (i) such transfer is of Class B Common Units from NexPoint Strategic Opportunities Fund to NexPoint Real Estate Opportunities, LLC, and effective on or about September 8, 2021 or (ii) it is otherwise determined by the General Partner in its discretion following the direction and approval of the Board of Directors. If a holder of Class C Common Units transfers all or any portion of such Partnership Units to a holder of Class A Common Units or Class B Common Units, such Partnership Units will, in the discretion of the General Partner following direction and approval of the Board of Directors, convert to Class A Common Units or Class B Common Units (determined based on the class of which the transferee holds the larger number of Partnership Units) upon transfer or at such time as the General Partner determines, following direction and approval of the Board of Directors.

Section 11.4. Substituted Limited Partners

A. No Limited Partner shall have the right to substitute a transferee as a Limited Partner in his or its place except upon approval of the Board of Directors. Following such approval of the Board of Directors, the transferee of the interest of such Limited Partner shall be admitted pursuant to this Section 11.4 as a Substituted Limited Partner. The Board of Directors' failure or refusal to permit a transferee of any such interests to become a Substituted Limited Partner shall not give rise to any cause of action against the Partnership, any Partner, or the Board of Directors. A Person shall be admitted to the Partnership as a Substituted Limited Partner only upon the aforementioned consent of the Board of Directors and the furnishing to the Partnership of (i) evidence of acceptance in form satisfactory to the General Partner of all of the terms and conditions of this Agreement, including, without limitation, the power of attorney

granted in Section 2.4 hereof and (ii) such other documents to effect such Person's admission as a Substituted Limited Partner. The admission of any Person as a Substituted Limited Partner shall become effective on the date upon which the name of such Person is recorded on the books and records of the Partnership, following the consent of the Board of Directors to such admission.

B. A transferee who has been admitted as a Substituted Limited Partner in accordance with this Article 11 shall have all the rights and powers and be subject to all the restrictions and liabilities of a Limited Partner under this Agreement.

C. Upon the admission of a Substituted Limited Partner, the General Partner shall update the books and records of the Partnership to reflect the name, address, number of Partnership Units and Percentage Interest (as applicable) of such Substituted Limited Partner and to eliminate or adjust, if necessary, the name, address and interest of the predecessor of such Substituted Limited Partner.

Section 11.5. Assignees

If the Board of Directors does not consent to the admission of any permitted transferee as a Substituted Limited Partner, as described in Section 11.4, such transferee shall be considered an Assignee for purposes of this Agreement. An Assignee shall be deemed to have had assigned to it, and shall be entitled to receive distributions from the Partnership and the share of Net Income, Net Losses, Recapture Income, and any other items, gain, loss, deduction and credit of the Partnership attributable to the Partnership Interest assigned to such transferee, but shall not be deemed to be a holder of a Partnership Interest for any other purpose under this Agreement, and shall not be entitled to vote such Partnership Interest in any matter presented to the Limited Partners for a vote (such Partnership Interest being deemed to have been voted on such matter in the same proportion as all other Partnership Interest held by Limited Partners are voted). In the event any such transferee desires to make a further assignment of any such Partnership Interest, such transferee shall be subject to all of the provisions of this Article 11 to the same extent and in the same manner as any Limited Partner desiring to make an assignment of his or its Partnership Interest.

Section 11.6. Drag-Along Rights

A. In the event of an Approved Sale, the Partners who approved the Approved Sale (the "Approving Partners") have the right to require each other Partner (the "Non-Approving Partners") to transfer all Partnership Units then held by such Non-Approving Partner, free and clear of all liens, security interests or other restrictions of any kind, in accordance with this Section 11.6.

B. In the event of an Approved Sale, the General Partner shall notify each Non-Approving Partner no more than ten Business Days after the execution and delivery by all of the parties thereto of the definitive agreement entered into with respect to the Approved Sale and, in any event, no later than 20 Business Days prior to the closing date of such Approved Sale, and each Non-Approving Partner will, subject to satisfaction of

the conditions in Section 11.6(C), (i) if such transaction requires approval by the Partners, with respect to all Partnership Units that such Partner owns or over which such Partner otherwise exercises voting power, to vote (in person, by proxy or by action by written consent, as applicable) all such Partnership Units in favor of, and adopt, such Approved Sale, and to vote in opposition to any and all other proposals that could reasonably be expected to delay or impair the ability of the Partnership to consummate such Sale of the Partnership, (ii) refrain from exercising any dissenter's rights or rights of appraisal under applicable law at any time with respect to such Approved Sale, and (iii) if the Approved Sale is structured as a sale of Partnership Units, each Non-Approving Partner will agree to sell the same proportion of Partnership Units beneficially held by such Partner as is being sold by the Approving Partners to the Person(s) to whom the Approving Partners propose to sell their Partnership Units, on the same terms and conditions as the Approving Partners.

C. The obligations of the Partners pursuant to this Section 11.6 with respect to an Approved Sale are subject to the following conditions: (i) the aggregate consideration payable upon consummation of such Approved Sale to all of the Partners (the "Aggregate Consideration") shall be allocated among the Partners as set forth in Section 5.3, (ii) upon the consummation of the Approved Sale, all of the Partners shall receive the same form of consideration per Partnership Unit of the same class or other equity interest, as allocated pursuant to subsection (i) hereof (except that a member of management may, with such Partner's consent, receive securities pursuant to a management "rollover" which are not offered to all Partners), and (iii) that any indemnification, escrow, holdback and adjustment obligations undertaken by any Partner shall be pro rata among the Partners in proportion to the consideration to be received by the Partners in such Approved Sale; provided that indemnification obligations that relate solely to a particular Partner, such as indemnification with respect to representations and warranties made by a Partner with respect to such Partner (or such Partner's ownership of Partnership Units) or covenants made by such Partner, shall be borne only by such Partner and shall not be deemed to reduce the Aggregate Consideration.

D. Subject to the foregoing, each Partner hereby agrees to execute and deliver all related documentation and take such other action in support of the Sale of the Partnership as shall reasonably be requested by the General Partner or the Approving Partners in order to carry out the terms and provision of this Section 11.6 , including without limitation executing and delivering instruments of conveyance and transfer, and any purchase agreement, merger agreement, indemnity agreement, escrow agreement, consent, waiver, governmental filing, share certificates duly endorsed for transfer (free and clear of impermissible liens, claims and encumbrances) and any similar or related documents. Subject to the satisfaction of the conditions in Section 11.6(C), for purposes each Partner (and their respective spouses, if residing in a community property state) hereby appoint the General Partner as their agent and attorney-in-fact to execute any and all documents related in connection with an Approved Sale (including documents granting customary indemnities to a buyer of assets or securities consistent with this Agreement) on their behalf and expressly bind themselves to such document by the General Partner's execution of such document without further action on their part.

Section 11.7. General Provisions

A. No Limited Partner may withdraw from the Partnership other than as a result of a permitted transfer of all of such Limited Partner's Partnership Interest in accordance with this Article 11, pursuant to redemption of all of its Partnership Units, or the acquisition thereof by the Company, under Section 8.6.

B. Any Limited Partner who shall transfer all of its Partnership Interest in a transfer permitted pursuant to this Article 11 shall cease to be a Limited Partner upon the admission of all Assignees of such Partnership Interest as Substituted Limited Partners. Similarly, any Limited Partner who shall transfer all of its Partnership Units pursuant to a redemption of all of its Partnership Units, or the acquisition thereof by the Company under Section 8.6 shall cease to be a Limited Partner.

C. Transfers pursuant to this Article 11 may only be made on the first day of a fiscal quarter of the Partnership, unless the General Partner and the Board of Directors otherwise agrees.

D. If any Partnership Interest is transferred or assigned during any quarterly segment of the Partnership's fiscal year in compliance with the provisions of this Article 11 or redeemed or transferred pursuant to Section 8.6 on any day other than the first day of a Partnership Year, then Net Income, Net Losses, each item thereof and all other items attributable to such interest for such Partnership Year shall be divided and allocated between the transferor Partner and the transferee Partner by taking into account their varying interests during the Partnership Year in accordance with Section 706(d) of the Code, using the interim closing of the books method. All distributions of Available Cash attributable to such Partnership Interest with respect to which the Partnership Record Date is before the date of such transfer, assignment, or redemption shall be made to the transferor Partner or the Redeeming Partner, as the case may be, and in the case of a transfer or assignment other than a redemption, all distributions of Available Cash thereafter attributable to such Partnership Interest shall be made to the transferee Partner.

ARTICLE 12.

ADMISSION OF PARTNERS

Section 12.1. Admission of Successor General Partner

A successor to all of the General Partner Interest pursuant to Section 11.2 hereof who is proposed to be admitted as a successor General Partner shall be admitted to the Partnership as the General Partner, effective immediately prior to such transfer. Any such transferee shall carry on the business of the Partnership without dissolution. In each case, the admission shall be subject to the successor General Partner executing and delivering to the Partnership an acceptance of all of the terms and conditions of this Agreement and such other documents or instruments as may be required to effect the admission. In the case of such admission on any day other than the first day of a

Partnership Year, all items attributable to the General Partner Interest for such Partnership Year shall be allocated between the transferring General Partner and such successor as provided in Section 11.6(D) hereof.

Section 12.2. Admission of Additional Limited Partners

A. A Person who makes a Capital Contribution to the Partnership in accordance with this Agreement shall be admitted to the Partnership as an Additional Limited Partner only upon furnishing to the General Partner (i) evidence of acceptance in form satisfactory to the General Partner of all of the terms and conditions of this Agreement, including, without limitation, the power of attorney granted in Section 2.4 hereof and (ii) such other documents or instruments as may be required in the discretion of the General Partner in order to effect such Person's admission as an Additional Limited Partner, in each case, after approval of the Board of Directors.

B. Notwithstanding anything to the contrary in this Section 12.2, no Person shall be admitted as an Additional Limited Partner without the approval of the Board of Directors. The admission of any Person as an Additional Limited Partner shall become effective on the date upon which the name of such Person is recorded on the books and records of the Partnership, following the approval of the Board of Directors of such admission.

C. If any Additional Limited Partner is admitted to the Partnership on any day other than the first day of a Partnership Year, then Net Income, Net Losses, each item thereof and all other items allocable among Partners and Assignees for such Partnership Year shall be allocated among such Additional Limited Partner and all other Partners and Assignees by taking into account their varying interests during the Partnership Year in accordance with Section 706(d) of the Code, using the interim closing of the books method. All distributions of Available Cash with respect to which the Partnership Record Date is before the date of such admission shall be made solely to Partners and Assignees, other than such Additional Limited Partner, and all distributions of Available Cash thereafter shall be made to all of the Partners and Assignees, including such Additional Limited Partner.

Section 12.3. Amendment of Agreement and Certificate of Limited Partnership

For the admission to the Partnership of any Partner, the General Partner shall take all steps necessary and appropriate under the Act to amend the records of the Partnership and, if necessary, to prepare as soon as practical an amendment of this Agreement and, if required by applicable law, shall prepare and file an amendment to the Certificate and may for this purpose exercise the power of attorney granted pursuant to Section 2.4 hereof. Notwithstanding Sections 7.1 and 14.1 hereof, the General Partner may amend this Agreement without the direction and approval of the Board of Directors if the changes to be reflected in this Agreement have previously been approved by the General Partner and the Board of Directors.

ARTICLE 13.

DISSOLUTION, LIQUIDATION AND TERMINATION

Section 13.1. Dissolution

The Partnership shall not be dissolved by the admission of Substituted Limited Partners or Additional Limited Partners or by the admission of a successor General Partner in accordance with the terms of this Agreement. Upon the withdrawal of the General Partner, any successor General Partner shall continue the business of the Partnership without dissolution. The Partnership shall dissolve, and its affairs shall be wound up, only upon the first to occur of any of the following ("Liquidating Events"):

- A. an election to dissolve the Partnership made by the General Partner following the direction and approval of the Board of Directors with the consent of Partners holding a majority of the Percentage Interests of the Limited Partners;
- B. entry of a decree of judicial dissolution of the Partnership pursuant to the provisions of the Act;
- C. at any time that there are no limited partners of the Partnership unless the business of the Partnership is continued in accordance with the Act;
- D. the sale of all or substantially all of the assets and properties of the Partnership; or
- E. any other event sufficient under the Act to cause the dissolution of the Partnership.

Section 13.2. Winding Up

A. Upon the occurrence of a Liquidating Event, the Partnership shall continue solely for the purposes of winding up its affairs in an orderly manner, liquidating its assets, and satisfying the claims of its creditors and Partners. No Partner shall take any action that is inconsistent with, or not necessary to or appropriate for, the winding up of the Partnership's business and affairs. The General Partner, or, in the event there is no remaining General Partner, any Person elected by a majority of the Percentage Interests of the Limited Partners (the General Partner or such other Person being referred to herein as the "Liquidator"), shall be responsible for overseeing the winding up and dissolution of the Partnership and shall take full account of the Partnership's liabilities and property and the Partnership property shall be liquidated as promptly as is consistent with obtaining the fair value thereof, and the proceeds therefrom (which may, to the extent determined by the Liquidator and approved by the Board of Directors, include REIT Shares of the Company) shall be applied and distributed in the following order:

- (1) First, in satisfaction of all of the Partnership's Debts and liabilities to creditors other than the Partners (whether by payment or the making of reasonable provision for payment thereof);

(2) Second, to the payment and discharge of all of the Partnership's Debts and liabilities to the General Partner (whether by payment or the making of reasonable provision for payment thereof), including, but not limited to, amounts due as reimbursements under Section 7.4;

(3) Third, to the payment and discharge of all of the Partnership's Debts and liabilities to the other Partners; and

(4) The balance, if any, to the Partners in accordance with their Capital Accounts, after giving effect to all contributions, distributions, and allocations for all periods.

The General Partner shall not receive any additional compensation for any services performed pursuant to this Article 13.

B. Notwithstanding the provisions of Section 13.2(A) hereof which require liquidation of the assets of the Partnership, but subject to the order of priorities set forth therein, if prior to or upon dissolution of the Partnership the Liquidator, following the direction and approval of the Board of Directors, determines that an immediate sale of part or all of the Partnership's assets would be impractical or would cause undue loss to the Partners, the Liquidator may defer for a reasonable time the liquidation of any assets except those necessary to satisfy liabilities of the Partnership (including to those Partners as creditors) and/or distribute to the Partners, in lieu of cash, as tenants in common and in accordance with the provisions of Section 13.2(A) hereof, undivided interests in such Partnership assets as the Liquidator deems not suitable for liquidation. Any such distributions in kind shall be made only if, in the good faith judgment of the Liquidator, following the direction and approval of the Board of Directors, such distributions in kind are in the best interest of the Partners, and shall be subject to such conditions relating to the disposition and management of such properties as the Liquidator deems reasonable and equitable and to any agreements governing the operation of such properties at such time. The Liquidator shall determine the fair market value of any property distributed in kind using such reasonable method of valuation as it may adopt.

C. In the discretion of the Liquidator, following the direction and approval of the Board of Directors, a pro rata portion of the distributions that would otherwise be made to the Partners pursuant to this Article 13 may be:

(1) distributed to a trust established for the benefit of the General Partner and Limited Partners for the purposes of liquidating Partnership assets, collecting amounts owed to the Partnership, and paying any contingent or unforeseen liabilities or obligations of the Partnership or the General Partner arising out of or in connection with the Partnership. The assets of any such trust shall be distributed to the General Partner and Limited Partners from time to time, in the reasonable discretion of the Liquidator, following the direction and approval of the Board of Directors, in the same proportions as the amount distributed to such trust by the Partnership would otherwise have been distributed to the General Partner and Limited Partners pursuant to this Agreement; or

(2) withheld or escrowed to provide a reasonable reserve for Partnership liabilities (contingent or otherwise) and to reflect the unrealized portion of any installment obligations owed to the Partnership; provided, that such withheld or escrowed amounts shall be distributed to the General Partner and Limited Partners in the manner and order of priority set forth in Section 13.2(A) as soon as practicable.

Section 13.3. Deficit Capital Account Restoration Obligation

In the event the Partnership or the General Partner's interest therein (including its interest if any as a Limited Partner) is "liquidated" within the meaning of Regulations Section 1.704-1(b)(2)(ii)(g), distributions shall be made pursuant to this Article 13 to the General Partner and Limited Partners who have positive Capital Accounts in compliance with Regulations Section 1.704-1(b)(2)(ii)(b)(3). If any Partner has a deficit balance in its Capital Account (after giving effect to all contributions, distributions and allocations for all taxable years, including the year during which such liquidation occurs), such Partner, if such Partner is a Limited Partner, shall have no obligation to make any contribution to the capital of the Partnership with respect to such deficit, and such deficit shall not be considered a Debt owed to the Partnership or to any other Person for any purpose whatsoever, except to the extent otherwise expressly agreed to by such Limited Partner and the Partnership; provided, however, that such Partner, if such Partner is the General Partner, shall contribute to the capital of the Partnership the amount necessary to restore such deficit balance to zero in compliance with Regulations Section 1.704-1(b)(2)(ii)(b)(3).

Section 13.4. Deemed Contribution and Distribution

Notwithstanding any other provision of this Article 13, in the event the Partnership is "liquidated" within the meaning of Regulations Section 1.704-1(b)(2)(ii)(g), but no Liquidating Event has occurred, the Partnership's property shall not be liquidated, the Partnership's liabilities shall not be paid or discharged, and the Partnership's affairs shall not be wound up. Instead, for federal income tax purposes and for purposes of maintaining Capital Accounts pursuant to Exhibit A hereto, the Partnership shall be deemed to have contributed all Partnership property and liabilities to a new limited partnership in exchange for an interest in such new limited partnership and, immediately thereafter, the Partnership will be deemed to liquidate by distributing interests in the new limited partnership to the Partners.

Section 13.5. Rights of Limited Partners

Except as otherwise provided in this Agreement, each Limited Partner shall look solely to the assets of the Partnership for the return of its Capital Contributions and shall have no right or power to demand or receive property other than cash from the Partnership. Except as otherwise provided in this Agreement, no Limited Partner shall have priority over any other Partner as to the return of its Capital Contributions, distributions, or allocations.

Section 13.6. Notice of Dissolution

In the event a Liquidating Event occurs, or an event occurs that would result in a dissolution of the Partnership, the General Partner shall, within 30 days thereafter, provide written notice thereof to each of the Partners.

Section 13.7. Termination of Partnership and Cancellation of Certificate of Limited Partnership

Upon the completion of the winding up of the Partnership and liquidation of its assets, as provided in Section 13.2 hereof, the Partnership shall be terminated by filing a certificate of cancellation with the Secretary of State of the State of Delaware, canceling all qualifications of the Partnership as a foreign limited partnership in jurisdictions other than the State of Delaware and taking such other actions as may be necessary to terminate the Partnership.

Section 13.8. Reasonable Time for Winding Up

A reasonable time shall be allowed for the orderly winding-up of the business and affairs of the Partnership and the liquidation of its assets pursuant to Section 13.2 hereof, in order to minimize any losses otherwise attendant upon such winding up, and the provisions of this Agreement shall remain in effect among the Partners during the period of liquidation.

Section 13.9. Waiver of Partition

No Partner nor any successor-in-interest to a Partner shall have the right while this Agreement remains in effect to have any property of the Partnership partitioned, or to file a complaint or institute any proceeding at law or in equity to have such property of the Partnership partitioned, and each Partner, on behalf of itself and its successors and assigns hereby waives any such right. It is the intention of the Partners that the rights of the parties hereto and their successors-in-interest to Partnership property, as among themselves, shall be governed by the terms of this Agreement, and that the rights of the Partners and their respective successors-in-interest shall be subject to the limitations and restrictions as set forth in this Agreement.

ARTICLE 14.

AMENDMENT OF PARTNERSHIP AGREEMENT; MEETINGS

Section 14.1. Amendment of Partnership Agreement

A. A proposed amendment shall be adopted and be effective as an amendment hereto if it is approved by the General Partner following the direction and approval of the Board of Directors.

B. Notwithstanding Section 14.1(A) hereof, this Agreement shall not be amended without the consent of each Partner materially adversely affected if such

amendment would (i) convert a Limited Partner Interest in the Partnership into a General Partner Interest; (ii) modify the limited liability of a Limited Partner in a manner materially adverse to such Limited Partner; (iii) alter rights of such Partner to receive distributions pursuant to Article 5 or Article 13, or the allocations specified in Article 6 (except as permitted pursuant to Section 4.2 hereof) in a manner materially adverse to such Partner; or (vi) amend this Section 14.1(B); provided, however, that the consent of each Partner materially adversely affected shall not be required for any amendment or action that affects all Partners holding the same class or series of Partnership Units on a uniform or *pro rata* basis. Any amendment consented to by any Partner shall be effective as to that Partner, notwithstanding the absence of such consent by any other Partner.

Section 14.2. Meetings of the Partners

A. Meetings of the Partners may be called by the General Partner and shall be called upon the receipt by the General Partner of a written request either by the Limited Partners (other than the Company) holding 20% or more of the Partnership Interests or by the Board of Directors. The request shall state the nature of the business to be transacted. Notice of any such meeting shall be given to all Partners not less than seven days nor more than 30 days prior to the date of such meeting. Partners may vote in person or by proxy at such meeting. Except as otherwise expressly provided in this Agreement, the consent of holders of a majority of the Percentage Interests held by Limited Partners shall control.

B. Any action required or permitted to be taken at a meeting of the Partners may be taken without a meeting if a written consent setting forth the action so taken is signed by a majority of the Percentage Interests of the Partners (or such other percentage as is expressly required by this Agreement). Such consent may be in one instrument or in several instruments, and shall have the same force and effect as a vote of a majority of the Percentage Interests of the Partners (or such other percentage as is expressly required by this Agreement). Such consent shall be filed with the General Partner. An action so taken shall be deemed to have been taken at a meeting held on the effective date so certified.

C. Each Limited Partner may authorize any Person or Persons to act for him by proxy on all matters in which a Limited Partner is entitled to participate, including waiving notice of any meeting, or voting or participating at a meeting. Every proxy must be signed by the Limited Partner or his or its attorney-in-fact. No proxy shall be valid after the expiration of 11 months from the date thereof unless otherwise provided in the proxy. Every proxy shall be revocable at the pleasure of the Limited Partner executing it, such revocation to be effective upon the Partnership's receipt of written notice of such revocation from the Limited Partner executing such proxy.

D. Each meeting of the Partners shall be conducted by the General Partner or such other Person as the General Partner may appoint pursuant to such rules for the conduct of the meeting as the General Partner or such other Person deems appropriate. Without limitation, meetings of Partners may be conducted in the same manner as

meetings of the shareholders of the Company and may be held at the same time, and as part of, meetings of the shareholders of the Company.

ARTICLE 15.

GENERAL PROVISIONS

Section 15.1. Addresses and Notice

Any notice, demand, request or report required or permitted to be given or made to a Partner or Assignee under this Agreement shall be in writing and shall be deemed given or made when delivered in person or when sent by first class United States mail or by other means of written communication to such Partner or Assignee at the address provided by or on behalf of such Partner or Assignee or such other address of which the same shall notify the General Partner in writing.

Section 15.2. Titles and Captions

All article or section titles or captions in this Agreement are for convenience only. They shall not be deemed part of this Agreement and in no way define, limit, extend or describe the scope or intent of any provisions hereof. Except as specifically provided otherwise, references to "Articles" and "Sections" are to Articles and Sections of this Agreement.

Section 15.3. Pronouns and Plurals

Whenever the context may require, any pronoun used in this Agreement shall include the corresponding masculine, feminine or neutral forms, and the singular form of nouns, pronouns and verbs shall include the plural and vice versa.

Section 15.4. Further Action

The parties shall execute and deliver all documents, provide all information and take or refrain from taking action as may be necessary or appropriate to achieve the purposes of this Agreement.

Section 15.5. Binding Effect

This Agreement shall be binding upon and inure to the benefit of the parties hereto and their heirs, executors, administrators, successors, legal representatives and permitted assigns.

Section 15.6. Creditors

The provisions of this Agreement are solely for the purpose of defining the interests of the Partners, inter se; and no other Person (i.e., a party who is not a signatory hereto or a permitted successor to such signatory hereto) shall have any right, power, title or interest by way of subrogation or otherwise, in and to the rights, powers, title and

provisions of this Agreement; provided, that Indemnitees are intended third-party beneficiaries of Section 7.7. No creditor or other third party having dealings with the Partnership shall have the right to enforce the right or obligation of any Partner to make Capital Contributions or loans to the Partnership or to pursue any other right or remedy hereunder or at law or in equity. None of the rights or obligations of the Partners herein set forth to make Capital Contributions or loans to the Partnership shall be deemed an asset of the Partnership for any purpose by any creditor or other third party, nor may any such rights or obligations be sold, transferred or assigned by the Partnership or pledged or encumbered by the Partnership to secure any Debt or other obligation of the Partnership or any of the Partners.

Section 15.7. Waiver

No failure by any party to insist upon the strict performance of any covenant, duty, agreement or condition of this Agreement or to exercise any right or remedy consequent upon a breach thereof shall constitute a waiver of any such breach or any other covenant, duty, agreement or condition.

Section 15.8. Counterparts

This Agreement may be executed in counterparts, all of which together shall constitute one agreement binding on all of the parties hereto, notwithstanding that all such parties are not signatories to the original or the same counterpart. Each party shall become bound by this Agreement immediately upon affixing his or its signature hereto. To the extent a counterpart to this Agreement is signed and delivered by means of a facsimile machine or other electronic transmission, it will be treated in all manner and respects as an original agreement or instrument and will be considered to have the same binding legal effect as if it were the original signed version thereof delivered in person. At the request of the General Partner, each party hereto will re-execute original forms thereof and deliver them to the General Partner.

Section 15.9. Applicable Law; Consent to Jurisdiction; Waiver of Jury Trial

This Agreement shall be construed and enforced in accordance with and governed by the laws of the State of Delaware, without regard to the principles of conflict of laws. In the event of a conflict between any provision of this Agreement and any non-mandatory provision of the Act, the provisions of this Agreement shall control and take precedence.

Section 15.10. Invalidity of Provisions

A. If any provision of this Agreement is or becomes invalid, illegal or unenforceable in any respect, the validity, legality and enforceability of the remaining provisions contained herein shall not be affected thereby.

B. Each Partner and Assignee hereby (i) submits to the exclusive jurisdiction of any state or federal court sitting in the State of Delaware (collectively, the "Delaware Courts"), with respect to any dispute arising out of this Agreement or any transaction contemplated hereby to the extent such courts would have subject matter jurisdiction with

respect to such dispute, (ii) to the fullest extent permitted by law, irrevocably waives, and agrees not to assert by way of motion, defense, or otherwise, in any such action, any claim that it is not subject personally to the jurisdiction of any of the Delaware Courts, that its property is exempt or immune from attachment or execution, that the action is brought in an inconvenient forum, or that the venue of the action is improper, (iii) to the fullest extent permitted by law, agrees that notice or the service of process in any action, suit or proceeding arising out of or relating to this Agreement or the transactions contemplated hereby shall be properly served or delivered if delivered to such Partner or Assignee at such Partner's or Assignee's last known address as set forth in the Partnership's books and records, and (iv) to the fullest extent permitted by law, irrevocably waives any and all right to trial by jury in any legal proceeding arising out of or related to this Agreement or the transactions contemplated hereby.

Section 15.11. Entire Agreement

This Agreement contains the entire understanding and agreement among the Partners with respect to the subject matter hereof and supersedes the Original Agreement, the First A&R Agreement, as amended, and any other prior written or oral understandings or agreements among them with respect thereto.

Section 15.12. Legal Counsel Relationships

The Partners acknowledge and agree that Winston & Strawn LLP has only represented the Company in connection with this Agreement and the other transactions related hereto (the "Transactions"). Each Limited Partner, other than the Company, is relying solely on his or its own tax and legal advisors, and not Winston & Strawn LLP, with respect to the tax and other legal aspects of his, her or its investment in the Partnership. Further, except for Winston & Strawn LLP's representation of the Company with respect to the Transactions, or as may otherwise expressly be agreed in writing by Winston & Strawn LLP, in no event shall an attorney-client relationship exist between Winston & Strawn LLP on the one hand and any other Limited Partner and/or their Affiliates, on the other hand. The Limited Partners further agree and consent that Winston & Strawn LLP shall be permitted to render legal advice and to provide legal services to any Limited Partner or the Partnership from time to time, and each Limited Partner covenants and agrees that such representation of a Limited Partner or the Partnership by such firm from time to time shall not disqualify such firm from providing legal advice and legal services to their respective client Limited Partners or Affiliates in matters related or unrelated to this Agreement.

IN WITNESS WHEREOF, the parties hereto have executed this Agreement as of the date first written above.

GENERAL PARTNER:

NexPoint Real Estate Finance OP GP, LLC

By: /s/ Paul Richards

Name: Paul Richards

Title: President, Secretary and Treasurer

LIMITED PARTNERS:

All Limited Partners now and hereafter admitted pursuant to powers of attorney granted to the General Partner by each Limited Partner.

By: NexPoint Real Estate Finance OP GP, LLC

By: /s/ Paul Richards

Name: Paul Richards

Title: President, Secretary and Treasurer

As attorney-in-fact for the Limited Partners hereby admitted in accordance with the Agreement, to the extent not already so admitted.

[Signature Page to Third Amended and Restated Limited Partnership Agreement of
NexPoint Real Estate Finance Operating Partnership, L.P.]

EXHIBIT A

CAPITAL ACCOUNT MAINTENANCE

1. Capital Accounts of the Partners

A. The Partnership shall establish, adjust, and maintain for each Partner (and, to the extent necessary to effectuate the provisions of this Agreement, for each Partner's interest in a specific class or series (or specified group of classes and/or series)) a separate Capital Account in accordance with Section 704(b) of the Code and the rules of Regulations Section 1.704-1(b)(2)(iv) and Regulations Section 1.704-2. Such Capital Account shall be increased by (i) the amount of all Capital Contributions and any other deemed contributions made by such Partner to the Partnership pursuant to the Agreement; and (ii) all items of Partnership income and gain (including income and gain exempt from tax) computed in accordance with Section 1.B hereof and allocated to such Partner pursuant to Section 6.1(A) of the Agreement and Exhibit B of the Agreement, and decreased by (x) the amount of cash or Agreed Value of all actual and deemed distributions of cash or property made to such Partner pursuant to the Agreement, and (y) all items of Partnership deduction and loss computed in accordance with Section 1.B hereof and allocated to such Partner pursuant to Section 6.1(B) of the Agreement and Exhibit B hereof.

B. For purposes of computing the amount of any item of income, gain, deduction or loss (including "Net Income" or "Net Loss") to be reflected in the Partners' Capital Accounts, unless otherwise specified in the Agreement, the determination, recognition and classification of any such item shall be the same as its determination, recognition and classification for federal income tax purposes determined in accordance with Section 703(a) of the Code (for this purpose all items of income, gain, loss or deduction required to be stated separately pursuant to Section 703(a)(1) of the Code shall be included in taxable income or loss), with the following adjustments:

(1) Except as otherwise provided in Regulations Section 1.704-1(b)(2)(iv)(m), the computation of all items of income, gain, loss and deduction shall be made without regard to any election under Section 754 of the Code which may be made by the Partnership; provided, that the amounts of any adjustments to the adjusted bases of the assets of the Partnership made pursuant to Section 734 of the Code as a result of the distribution of property by the Partnership to a Partner (to the extent that such adjustments have not previously been reflected in the Partners' Capital Accounts) shall be reflected in the Capital Accounts of the Partners in the manner and subject to the limitations prescribed in Regulations Section 1.704-1(b)(2)(iv)(m)(4).

(2) The computation of all items of income, gain, and deduction shall be made without regard to the fact that items described in Sections 705(a)(1)(B) or 705(a)(2)(B) of the Code are not includable in gross income or are neither currently deductible nor capitalized for federal income tax purposes.

(3) Any income, gain or loss attributable to the taxable disposition of any Partnership property shall be determined as if the adjusted basis of such property as of such date of disposition were equal in amount to the Partnership's Carrying Value with respect to such property as of such date.

(4) In lieu of the depreciation, amortization, and other cost recovery deductions taken into account in computing such taxable income or loss, there shall be taken into account Depreciation for such fiscal year.

(5) In the event the Carrying Value of any Partnership asset is adjusted pursuant to Section 1.D hereof, the amount of any such adjustment shall be taken into account as gain or loss from the disposition of such asset.

(6) Any income of the Partnership that is exempt from federal income tax and not otherwise taken into account in computing Net Income or Net Loss pursuant to this definition shall be added to such taxable income or loss.

(7) Notwithstanding any other provision of this Section 1.B, any items that are specially allocated pursuant to Exhibit B of the Agreement shall not be taken into account for purposes of computing Net Income or Net Loss.

The amounts of the items of Partnership income, gain, loss or deduction available to be specially allocated pursuant to Exhibit B of the Agreement shall be determined by applying rules analogous to those set forth in Sections 1.B(1) through 1.B(5) above.

C. Generally, a transferee (including an Assignee) of a Partnership Unit shall succeed to a pro rata portion of the Capital Account of the transferor.

D. (1) Consistent with the provisions of Regulations Section 1.704-1(b)(2)(iv)(f), and as provided in Section 1.D(2), the Carrying Value of all Partnership assets shall be adjusted upward or downward to reflect any Unrealized Gain or Unrealized Loss attributable to such Partnership property, as of the times of the adjustments provided in Section 1.D(2) hereof, as if such Unrealized Gain or Unrealized Loss had been recognized on an actual sale of each such property and allocated pursuant to Section 6.1 of the Agreement.

(2) Such adjustments shall be made as of the following times: (a) immediately prior to the acquisition of an additional interest in the Partnership by any new or existing Partner in exchange for more than a de minimis Capital Contribution; (b) immediately prior to the distribution by the Partnership to a Partner of more than a de minimis amount of property as consideration for an interest in the Partnership; (c) in connection with the grant of an interest in the Partnership (other than a de minimis interest), as consideration for the provision of services to or for the benefit of the Partnership by an existing Partner acting in a partner capacity or by a new partner acting in a partner capacity or in anticipation of being a partner; (d) the issuance of any LTIP Units; and (e) immediately prior to the liquidation of the Partnership within the meaning of Regulations Section 1.704-1(b)(2)(ii)(g); provided, however, that adjustments pursuant to clauses (a), (b) and

(c) above shall be made only if the General Partner determines that such adjustments are necessary or appropriate to reflect the relative economic interests of the Partners in the Partnership.

(3) In accordance with Regulations Section 1.704-1(b)(2)(iv)(e), the Carrying Value of Partnership assets distributed in kind shall be adjusted upward or downward to reflect any Unrealized Gain or Unrealized Loss attributable to such Partnership property, as of the time any such asset is distributed.

(4) The Carrying Value of Partnership assets shall be increased (or decreased) to reflect any adjustments to the adjusted basis of such assets pursuant to Section 734(b) or Section 743(b) of the Code, but only to the extent that such adjustments are taken into account in determining Capital Accounts pursuant to Regulations Section 1.704-1(b)(2)(iv)(m) and Section 1.B(1) hereof or Section 1.F of Exhibit B of the Agreement; provided, however, that Carrying Values shall not be adjusted pursuant to this Section 1.D(4) to the extent that an adjustment pursuant to Section 1.D(2) hereof is required in connection with a transaction that would otherwise result in an adjustment pursuant to this Section 1.D(4).

(5) In determining Unrealized Gain or Unrealized Loss for purposes of this Exhibit A, the aggregate cash amount and fair market value of all Partnership assets (including cash or cash equivalents) shall be determined by the General Partner using such reasonable method of valuation as it may adopt, or in the case of a liquidating distribution pursuant to Article 13 of the Agreement, shall be determined and allocated by the Liquidator using such reasonable method of valuation as it may adopt. The General Partner, or the Liquidator, as the case may be, shall allocate such aggregate value among the assets of the Partnership (in such manner as it determines following the direction and approval of the Board of Directors to arrive at a fair market value for individual properties).

If the Carrying Value of an asset has been determined or adjusted pursuant to Section 1.B(2) or Section 1.B(4) of this Exhibit A, such Carrying Value shall thereafter be adjusted by the Depreciation taken into account with respect to such asset, for purposes of computing Net Income and Net Loss.

E. The initial Capital Account attributable to a Capital LTIP Unit shall equal the Capital Account attributable to a Common Unit determined immediately following the adjustment to the Carrying Value of Partnership assets pursuant to Section 1.D of this Exhibit A in connection with the issuance of such Capital LTIP Unit. The initial Capital Account attributable to a Profits LTIP Unit shall equal zero.

F. The provisions of the Agreement (including this Exhibit A and other Exhibits to the Agreement) relating to the maintenance of Capital Accounts are intended to comply with Regulations Section 1.704-1(b), and shall be interpreted and applied in a manner consistent with such Regulations. In the event the General Partner shall determine that it is prudent to modify (i) the manner in which the Capital Accounts, or any debits or credits

thereto (including, without limitation, debits or credits relating to liabilities which are secured by contributed or distributed property or which are assumed by the Partnership, the General Partner, or the Limited Partners) are computed; or (ii) the manner in which items are allocated among the Partners for federal income tax purposes, in order to comply with such Regulations or to comply with Section 704(c) of the Code, the General Partner may make such modification without regard to Article 14 of the Agreement; provided, that it is not likely to have a material effect on the amounts distributable to any Person pursuant to Article 13 of the Agreement upon the dissolution of the Partnership. The General Partner also shall (i) make any adjustments that are necessary or appropriate to maintain equality between the Capital Accounts of the Partners and the amount of Partnership capital reflected on the Partnership's balance sheet, as computed for book purposes, in accordance with Regulations Section 1.704-1(b)(2)(iv)(q); and (ii) make any appropriate modifications in the event unanticipated events might otherwise cause the Agreement not to comply with Regulations Section 1.704-1(b). In addition, the General Partner may adopt and employ such methods and procedures for (i) the maintenance of book and tax capital accounts; (ii) the determination and allocation of adjustments under Sections 704(c), 734 and 743 of the Code; (iii) the determination of Net Income, Net Loss, taxable income, taxable loss and items thereof under the Agreement and pursuant to the Code; (iv) the adoption of reasonable conventions and methods for the valuation of assets and the determination of tax basis; (v) the allocation of asset value and tax basis; and (vi) conventions for the determination of cost recovery, depreciation and amortization deductions, as it determines in its sole discretion are necessary or appropriate to execute the provisions of the Agreement, to comply with federal and state tax laws, and are in the best interest of the Partners.

2. No Interest

No interest shall be paid by the Partnership on Capital Contributions or on balances in Partners' Capital Accounts.

3. No Withdrawal

No Partner shall be entitled to withdraw any part of his or its Capital Contribution or his or its Capital Account or to receive any distribution from the Partnership, except as provided in Articles 4, 5, 7 and 13 of the Agreement.

4. Special Allocations in Connection with a Liquidating Event

The Partners intend that the allocation of Net Income, Net Loss and other items of income, gain, loss, deduction and credit required to be allocated to the Capital Accounts of the Partners pursuant to the Agreement will result in final Capital Account balances that will permit the amount each Partner is entitled to receive upon "liquidation" of the Partnership (within the meaning of Section 1.704-1(b)(2)(ii)(g) of the Treasury Regulations) to equal the amount such Partner would have received if such amount was distributable pro rata in accordance with Section 5.1 of this Agreement (other than a holder of Profits LTIP Units with respect to Profits LTIP Units for which the Target Balance has not been achieved without regard to this Section 4 of this Exhibit A). Accordingly,

notwithstanding the provisions of Section 6.1(A) and Section 6.1(B) of the Agreement, in the taxable year of the event precipitating a Liquidating Event and thereafter, appropriate adjustments to allocations of Net Income and Net Losses (and items thereof) to the Partners shall be made to achieve such result to the maximum extent possible; provided, however, in no event shall the balance of the Capital Account balance of a holder of Profits LTIP Units (to the extent attributable to such Profits LTIP Units) for which the Target Balance has not been achieved without regard to this Section 4 of this Exhibit A be increased to an amount excess of the balance that would result without regard to this Section 4 of this Exhibit A.

EXHIBIT B

SPECIAL ALLOCATION RULES; OTHER TAX MATTERS

1. Special Allocation Rules

Notwithstanding any other provision of the Agreement or this Exhibit B, the following special allocations shall be made:

A. Minimum Gain Chargeback. Notwithstanding the provisions of Section 6.1 of the Agreement or any other provisions of this Exhibit B, if there is a net decrease in Partnership Minimum Gain during any Partnership taxable year, then, subject to the exceptions set forth in Regulations Sections 1.704-2(f)(2)-(5), each Partner shall be specially allocated items of Partnership income and gain for such year (and, if necessary, subsequent years) in an amount equal to such Partner's share of the net decrease in Partnership Minimum Gain, as determined under Regulations Section 1.704-2(g). Allocations pursuant to the previous sentence shall be made in proportion to the respective amounts required to be allocated to each Partner pursuant thereto. The items to be so allocated shall be determined in accordance with Regulations Section 1.704-2(f)(6). This Section 1.A is intended to comply with the minimum gain chargeback requirements in Regulations Section 1.704-2(f) and shall be interpreted consistently therewith. Solely for purposes of this Section 1.A, each Partner's Adjusted Capital Account Deficit shall be determined prior to any other allocations pursuant to Section 6.1 of the Agreement with respect to such Partnership taxable year and without regard to any decrease of Partner Minimum Gain during such Partnership taxable year.

B. Partner Minimum Gain Chargeback. Notwithstanding any other provision of Section 6.1 of the Agreement or any other provisions of this Exhibit B (except Section 1.A hereof), if there is a net decrease in Partner Minimum Gain attributable to a Partner Nonrecourse Debt during any Partnership taxable year, then, subject to the exceptions referred to in Regulations Section 1.704-2(i)(4), each Partner who has a share of the Partner Minimum Gain attributable to such Partner Nonrecourse Debt, determined in accordance with Regulations Section 1.704-2(i)(5), shall be specially allocated items of Partnership income and gain for such year (and, if necessary, subsequent years) in an amount equal to such Partner's share of the net decrease in Partner Minimum Gain attributable to such Partner Nonrecourse Debt, determined in accordance with Regulations Section 1.704-2(i)(5). Allocations pursuant to the previous sentence shall be made in proportion to the respective amounts required to be allocated to each Partner pursuant thereto. The items to be so allocated shall be determined in accordance with Regulations Section 1.704-2(i)(4). This Section 1.B is intended to comply with the minimum gain chargeback requirement in such section of the Regulations and shall be interpreted consistently therewith. Solely for purposes of this Section 1.B, each Partner's Adjusted Capital Account Deficit shall be determined prior to any other allocations pursuant to Section 6.1 of the Agreement or this Exhibit with respect to such Partnership taxable year, other than allocations pursuant to Section 1.A hereof.

C. Qualified Income Offset. In the event any Partner unexpectedly receives any adjustments, allocations or distributions described in Regulations Sections 1.704-1(b)(2)(ii)(d)(4), 1.704-1(b)(2)(ii)(d)(5), or 1.704-1(b)(2)(ii)(d)(6), and after giving effect to the allocations required under Sections 1.A and 1.B hereof such Partner has an Adjusted Capital Account Deficit, items of Partnership income and gain (consisting of a pro rata portion of each item of Partnership income, including gross income and gain for the Partnership taxable year) shall be specially allocated to such Partner in an amount and manner sufficient to eliminate, to the extent required by the Regulations, its Adjusted Capital Account Deficit created by such adjustments, allocations or distributions as quickly as possible; *provided*, that an allocation pursuant to this Section 1.C shall be made only if and to the extent that such Partner would have an Adjusted Capital Account Deficit after all other allocations provided for in Section 6.1 of the Agreement or any other provisions of this Exhibit B have been tentatively made as if this Section 1.C were not in this Agreement. This Section 1.C is intended to constitute a qualified income offset under Regulations Section 1.704-1(b)(2)(ii)(d) and shall be interpreted consistently therewith.

D. Nonrecourse Deductions. Nonrecourse Deductions for any Partnership taxable year shall be allocated to the Partners in accordance with their respective Percentage Interests, as provided in Regulations Section 1.704-2(e). If the General Partner determines in its good faith discretion that the Partnership's Nonrecourse Deductions must be allocated in a different ratio to satisfy the safe harbor requirements of the Regulations promulgated under Section 704(b) of the Code, the General Partner is authorized, upon notice to the Limited Partners, to revise the prescribed ratio to the numerically closest ratio for such Partnership taxable year which would satisfy such requirements.

E. Partner Nonrecourse Deductions. Any Partner Nonrecourse Deductions for any Partnership taxable year (or other relevant period) shall be specially allocated to the Partner who bears the economic risk of loss with respect to the Partner Nonrecourse Debt to which such Partner Nonrecourse Deductions are attributable in accordance with Regulations Section 1.704-2(i).

F. Code Section 754 Adjustments. To the extent an adjustment to the adjusted tax basis of any Partnership asset pursuant to Section 734(b) or 743(b) of the Code is required, pursuant to Regulations Section 1.704-1(b)(2)(iv)(m), to be taken into account in determining Capital Accounts, the amount of such adjustment to the Capital Accounts shall be treated as an item of gain (if the adjustment increases the basis of the asset) or loss (if the adjustment decreases such basis), and such item of gain or loss shall be specially allocated to the Partners in a manner consistent with the manner in which their Capital Accounts are required to be adjusted pursuant to such section of the Regulations.

G. Curative Allocations. The allocations set forth in Section 1.A through 1.F of this Exhibit B (the "Regulatory Allocations") are intended to comply with certain requirements of the Regulations under Section 704(b) of the Code. The Regulatory Allocations may not be consistent with the manner in which the Partners intend to divide Partnership distributions. Accordingly, the General Partner is hereby authorized to divide other allocations of income, gain, deduction and loss among the Partners so as to prevent

the Regulatory Allocations from distorting the manner in which Partnership distributions will be divided among the Partners. In general, the Partners anticipate that, if necessary, this will be accomplished by specially allocating other items of income, gain, loss and deduction among the Partners so that the net amount of the Regulatory Allocations and such special allocations to each person is zero. However, the General Partner will have discretion to accomplish this result in any reasonable manner; provided, however, that no allocation pursuant to this Section 1.G shall cause the Partnership to fail to comply with the requirements of Regulations Sections 1.704-1(b)(2)(ii)(d), -2(e) or -2(i).

H. Profits LTIP Unit Allocations. After giving effect to the special allocations set forth in Section 1.A and Section 1.B of this Exhibit B, and the allocations of Net Income under Section 6.1(A)(1), Section 6.1(A)(2), Section 6.1(A)(3) and Section 6.1(A)(4) (including, for the avoidance of doubt, Liquidating Gains that are a component of Net Income) of the Agreement, and subject to the other provisions of this Exhibit B, but before allocations are made under Section 6.1(A)(5) of the Agreement:

(1) Any remaining Liquidating Gains shall first be allocated among the Partners so as to cause, as nearly as possible, the Economic Capital Account Balances of the Profits LTIP Unit holders, to the extent attributable to their ownership of Profits LTIP Units, to be equal to (i) the Company Common Unit Economic Balance, multiplied by (ii) the number of their Profits LTIP Units (with respect to each Profits LTIP Unit holder, the "Target Balance"); provided that no such Liquidating Gains will be allocated with respect to any particular Profits LTIP Unit unless and to the extent that such Liquidating Gains, when aggregated with other Liquidating Gains realized since the issuance of such Profits LTIP Unit, exceed Liquidating Losses realized since the issuance of such Profits LTIP Unit. Any such allocations shall be made among the Partners in proportion to the aggregate amounts required to be allocated to each Partner under this Section 1.H.1 of this Exhibit B.

(2) After giving effect to the special allocations set forth above, if, due to distributions with respect to Common Units in which the Profits LTIP Units do not participate, forfeitures or otherwise, the Economic Capital Account Balance of any present or former holder of Profits LTIP Units attributable to such holder's Profits LTIP Units, exceeds the Target Balance, then Liquidating Losses shall be allocated to such holder, or Liquidating Gains shall be allocated to the other Partners, to reduce or eliminate the disparity; provided, however, that if Liquidating Losses or Liquidating Gains are insufficient to completely eliminate all such disparities, such losses or gains shall be allocated among Partners in a manner reasonably determined by the General Partner.

(3) The parties agree that the intent of this Section 1.H of this Exhibit B is

- (a) (i) to the extent possible to make the Economic Capital Account Balance associated with each Profits LTIP Unit economically equivalent to the Company Common Unit Economic Balance and (ii) to allow conversion of a Profits

LTIP Unit (assuming prior vesting) into a Common Unit when sufficient Liquidating Gains have been allocated to such Profits LTIP Unit pursuant to Section 1.H.1 of this Exhibit B so that either its initial Book-Up Target has been reduced to zero or the parity described in the definition of Target Balance has been achieved. The General Partner, following the direction and approval of the Board of Directors, shall be permitted to interpret this Section 1.H of this Exhibit B or to amend this Agreement to the extent necessary and consistent with this intention.

- (b) In the event that Liquidating Gains or Liquidating Losses are allocated under this Section 1.H of this Exhibit B, Net Income allocable under Section 6.1(A)(5) of the Agreement and any Net Loss shall be recomputed without regard to the Liquidating Gains or Liquidating Losses so allocated.

I. Forfeiture Allocations

(1) Subject to Section 1.I(2) of this Exhibit B, if any holder forfeits (or has repurchased at less than fair market value) all or a portion of such holder's Partnership Units, the Partnership shall make forfeiture allocations to such holder in the manner and to the extent required by proposed Regulations Section 1.704-1(b)(4)(xii) (as such proposed Regulations may be amended or modified, including upon the issuance of temporary or final Treasury Regulations).

(2) If a Profits LTIP Unit holder forfeits any Profits LTIP Units to which Liquidating Gain has previously be allocated pursuant to Section 1.H of this Exhibit B, (i) the portion of such holders Capital Account attributable to such Liquidating Gain allocated to such forfeited Profits LTIP Units shall be re-allocated to such holder's remaining Profits LTIP Units that were outstanding on the date of the initial allocation of such Liquidating Gain to the extent necessary to cause such holders Economic Capital Account Balance attributable to each such Profits LTIP Unit to equal the Company Common Unit Economic Balance, and (ii) forfeiture allocations shall be made pursuant to Section 1.I(1) of this Exhibit B with respect to the amount of any such Liquidating Gain not re-allocated pursuant to clause (i) above (and the Capital Account attributable to the forfeited Profits LTIP Units that is not so reallocated or reduced to zero through forfeiture allocations shall be reduced to zero).

2. Allocations for Tax Purposes

A. Except as otherwise provided in this Section 2, for federal income tax purposes, each item of income, gain, loss and deduction shall be allocated among the Partners in the same manner as its correlative item of "book" income, gain, loss or deduction is allocated pursuant to Section 6.1 of the Agreement and Section 1 of this Exhibit B.

B. In an attempt to eliminate Book-Tax Disparities attributable to a Contributed Property or Adjusted Property, items of income, gain, loss, and deduction shall be allocated for federal income tax purposes among the Partners as follows:

- (1) (a) In the case of a Contributed Property, such items attributable thereto shall be allocated among the Partners, consistent with the principles of Section 704(c) of the Code and the Regulations thereunder, and with the procedures and methods described in Section 10.2 of the Agreement, to take into account the variation between the 704(c) Value of such property and its adjusted basis at the time of contribution; and
- (b) any item of Residual Gain or Residual Loss attributable to a Contributed Property shall be allocated among the Partners in the same manner as its correlative item of “book” gain or loss is allocated pursuant to Section 6.1 of the Agreement and Section 1 of this Exhibit B.
- (2) (a) In the case of an Adjusted Property, such items shall
 - (1) first, be allocated among the Partners in a manner consistent with the principles of Section 704(c) of the Code and the Regulations thereunder to take into account the Unrealized Gain or Unrealized Loss attributable to such property and the allocations thereof pursuant to Exhibit A of the Agreement; and
 - (2) second, in the event such property was originally a Contributed Property, be allocated among the Partners in a manner consistent with Section 2.B(1) of this Exhibit B; and
- (b) any item of Residual Gain or Residual Loss attributable to an Adjusted Property shall be allocated among the Partners in the same manner as its correlative item of “book” gain or loss is allocated pursuant to Section 6.1 of the Agreement and Section 1 of this Exhibit B.

C. To the extent that the Treasury Regulations promulgated pursuant to Section 704(c) of the Code permit the Partnership to utilize alternative methods to eliminate the disparities between the Carrying Value of property and its adjusted basis, the General Partner shall have the authority to elect the method to be used by the Partnership and such election shall be binding on all Partners.

3. No Withdrawal

No Partner shall be entitled to withdraw any part of its Capital Contribution or its Capital Account or to receive any distribution from the Partnership, except as provided in Articles 4, 5, 8 and 13 of the Agreement.

EXHIBIT C

NOTICE OF REDEMPTION

The undersigned Limited Partner hereby irrevocably requests NexPoint Real Estate Finance Operating Partnership, L.P., a Delaware limited partnership (the "Partnership"), to redeem _____ Partnership Units in the Partnership in accordance with the terms of the Amended and Restated Limited Partnership Agreement of the Partnership and the Redemption Right referred to therein; and the undersigned Limited Partner irrevocably (i) surrenders such Partnership Units and all right, title and interest therein; and (ii) directs that the Cash Amount or REIT Shares Amount (as determined by the Company) deliverable upon exercise of the Redemption Right be delivered to the address specified below, and if REIT Shares are to be delivered, such REIT Shares be registered or placed in the name(s) and at the address(es) specified below. The undersigned hereby represents, warrants, and certifies that the undersigned (a) has marketable and unencumbered title to such Partnership Units, free and clear of the rights or interests of any other person or entity; (b) has the full right, power, and authority to request such redemption and surrender such Partnership Units as provided herein; and (c) has obtained the consent or approval of all persons or entities, if any, having the right to consent or approve such redemption and surrender of Units. The undersigned Limited Partner further agrees that, in the event that any state or local property tax is payable as a result of the transfer of its Partnership Units to the Partnership or the Company, the undersigned Limited Partner shall assume and pay such transfer tax.

Dated:

Name of Limited Partner:

Please Print

(Signature of Limited Partner)

(Street Address)

(City) (State) (Zip Code)

Signature Guaranteed by:

If REIT Shares are to be issued, issue to:

Name:

Please insert social security or identifying number:

EXHIBIT D

CONSTRUCTIVE OWNERSHIP DEFINITION

The term “Constructively Owns” means ownership determined through the application of the constructive ownership rules of Section 318 of the Code, as modified by Section 856(d)(5) of the Code. Generally, as of the date first set forth above, these rules provide the following:

- a. an individual is considered as owning the Ownership Interest that is owned, actually or constructively, by or for his spouse, his children, his grandchildren, and his parents;
- b. an Ownership Interest that is owned, actually or constructively, by or for a partnership, limited liability company or estate is considered as owned proportionately by its partners or beneficiaries;
- c. an Ownership Interest that is owned, actually or constructively, by or for a trust is considered as owned by its beneficiaries in proportion to the actuarial interest of such beneficiaries (provided, however, that in the case of a “grantor trust” the Ownership Interest will be considered as owned by the grantors);
- d. if ten (10) percent or more in value of the stock in a corporation is owned, actually or constructively, by or for any person, such person shall be considered as owning the Ownership Interest that is owned, actually or constructively, by or for such corporation in that proportion which the value of the stock which such person so owns bears to the value of all the stock in such corporation;
- e. an Ownership Interest that is owned, actually or constructively, by or for a partner or member which actually or constructively owns a 25% or greater capital interest or profits interest in a partnership or limited liability company, or by or to or for a beneficiary of an estate or trust shall be considered as owned by the partnership, limited liability company, estate, or trust (or, in the case of a grantor trust, the grantors);
- f. if ten (10) percent or more in value of the stock in a corporation is owned, actually or constructively, by or for any person, such corporation shall be considered as owning the Ownership Interest that is owned, actually or constructively, by or for such person;
- g. if any person has an option to acquire an Ownership Interest (including an option to acquire an option or any one of a series of such options), such Ownership Interest shall be considered as owned by such person;
- h. an Ownership Interest that is constructively owned by a person by reason of the application of the rules described in paragraphs (a) through (g) above shall, for purposes of applying paragraphs (a) through (g), be considered as actually owned by such person; provided, however, that (i) an Ownership Interest constructively owned by an individual by reason of paragraph (a) shall not be considered as owned by him for

purposes of again applying paragraph (a) in order to make another person the constructive owner of such Ownership Interest, (ii) an Ownership Interest constructively owned by a partnership, estate, trust, or corporation by reason of the application of paragraphs (e) or (f) shall not be considered as owned by it for purposes of applying paragraphs (b), (c), or (d) in order to make another person the constructive owner of such Ownership Interest, (iii) if an Ownership Interest may be considered as owned by an individual under paragraph (a) or (g), it shall be considered as owned by him under paragraph (g), and (iv) for purposes of the above described rules, an S corporation shall be treated as a partnership and any shareholder of the S corporation shall be treated as a partner of such partnership except that this rule shall not apply for purposes of determining whether stock in the S corporation is constructively owned by any person.

i. For purposes of the above summary of the constructive ownership rules, the term “Ownership Interest” means the ownership of stock with respect to a corporation and, with respect to any other type of entity, the ownership of an interest in either its assets or net profits.

EXHIBIT E

SCHEDULE OF PARTNERS' OWNERSHIP
WITH RESPECT TO TENANTS

NONE

E-1

EXHIBIT F

NOTICE OF ELECTION BY PARTNER TO CONVERT
LTIP UNITS INTO CLASS C COMMON UNITS

The undersigned holder of LTIP Units hereby irrevocably (i) elects to convert _____ LTIP Units in NexPoint Real Estate Finance Operating Partnership, L.P. (the "Partnership") into Class C Common Units in accordance with the terms of the Amended and Restated Agreement of Limited Partnership of the Partnership, as amended and/or restated from time to time, and (ii) directs that any cash in lieu of Common Units that may be deliverable upon such conversion be delivered to the address specified below. The undersigned hereby represents, warrants, and certifies that the undersigned (a) has title to such LTIP Units, free and clear of the rights or interests of any other person or entity other than the Partnership, (b) has the full right, power, and authority to cause the conversion of such LTIP Units as provided herein, and (c) has obtained the consent to or approval of all persons or entities, if any, having the right to consent or approve such conversion.

Dated: _____

Name of Limited Partner:

(Signature of Limited Partner)

(Street Address)

(City) (State) (Zip Code)

Signature Guaranteed by:

EXHIBIT G

NOTICE OF ELECTION BY PARTNERSHIP TO FORCE CONVERSION OF
LTIP UNITS INTO CLASS C COMMON UNITS

NexPoint Real Estate Finance Operating Partnership, L.P. (the "Partnership") hereby irrevocably elects to cause the number of LTIP Units held by the holder of LTIP Units set forth below to be converted into Class C Common Units in accordance with the terms of the Amended and Restated Agreement of Limited Partnership of the Partnership, as amended and/or restated from time to time.

Name of Holder:

Date of this Notice:

Number of LTIP Units to be Converted:

Please Print Exact Name as Registered
with Partnership:

ANNEX A

DESIGNATION OF CLASSES OF COMMON UNITS

OF

NEXPOINT REAL ESTATE FINANCE OPERATING PARTNERSHIP, L.P.

Section 1. Designation and Number. Three classes of Common Units of the Partnership designated as the “Class A Common Units” (the “Class A Common Units”), the “Class B Common Units” (the “Class B Common Units”) and the “Class C Common Units” (the “Class C Common Units”) are hereby established in accordance with the terms of the Agreement as a subdivision of the class of Common Units. Such class of Common Units existing prior to the establishment of the aforementioned three classes, except solely as a subdivision into the aforementioned three classes, is hereby eliminated.

Section 2. Voting Rights. The voting rights of each class of the Common Units are set forth as follows. When reference is made to Percentage Interest or holdings, majority or otherwise, of Partnership Units as a threshold for voting, consent, approval or any similar requirement in the Agreement, including where the same is specified to be as a single class, such reference will be adjusted to give effect to this Section 2, notwithstanding anything to the contrary in the Agreement; provided, however, that the consent requirements set forth in Section 14.1(b) of the Agreement will not be affected by the terms of this Annex A.

a. Class A Common Units. The Class A Common Units represent 50% of the voting, consent, approval or similar rights of the Common Units, as allocated to Common Units under the Agreement, except as required by applicable law. Such rights for each of the Class A Common Units will be determined on the applicable date by dividing one such Partnership Unit by the number of Class A Common Units outstanding on the applicable date, multiplied by 50%; provided, however, that where applicable law requires otherwise, such determination shall be as required by applicable law. In the event there are no Class B Common Units outstanding, the Class A Common Units shall represent 100% of the voting, consent, approval or similar rights of the Common Units, with the rights per unit determined without multiplication by 50%.

b. Class B Common Units. The Class B Common Units represent 50% of the voting, consent, approval or similar rights of the Common Units, as allocated to Common Units under the Agreement, except as required by applicable law. Such rights for each of the Class B Common Units will be determined on the applicable date by dividing one such Partnership Unit by the number of Class B Common Units outstanding on the applicable date, multiplied by 50%; provided, however, that where applicable law requires otherwise, such determination shall be as required by applicable law. In the event there are no Class A Common Units outstanding, the Class B Common Units shall represent 100% of the voting, consent, approval or similar rights of the Common Units, with the rights per unit determined without multiplication by 50%.

c. Class C Common Units. The Class C Common Units have no voting, consent, approval or similar rights whatsoever under the Agreement, except as required by applicable law.

Section 3. Other rights and obligations. Except as set forth above or as expressly set forth in the Agreement, each individual Class A Common Unit, Class B Common Unit and Class C Common Unit shall have the same rights and obligations provided under the Agreement. When reference is made to Percentage Interest or holdings of Partnership Units except as specified in Section 2 of this Annex A, such reference will be adjusted to give effect to this provision, notwithstanding anything to the contrary in the Agreement.

ANNEX B
DESIGNATION OF THE SERIES A PREFERRED UNITS
OF

NEXPOINT REAL ESTATE FINANCE OPERATING PARTNERSHIP, L.P.

Section 1. Designation and Number. A series of Preferred Units (as defined below) of the Partnership designated the “8.50% Series A Cumulative Redeemable Preferred Units” (the “Series A Preferred Units”), is hereby established in accordance with the terms of the Agreement. The number of authorized Series A Preferred Units shall be 11,300,000. The Series A Preferred Units have been created and are issued in conjunction with the Company’s issuance and sale of Series A Preferred Stock (defined below), and as such, the Series A Preferred Units are intended to have designations, preferences and other rights and terms that are substantially the same as those of the Series A Preferred Stock, all such that the economic interests of the Series A Preferred Units and the Series A Preferred Stock are substantially identical, and the provisions, terms and conditions of the Series A Preferred Units and this Annex B shall be interpreted in a fashion consistent with this intent.

Section 2. Defined Terms. Capitalized terms used herein and not otherwise defined shall have the meanings given to such terms in the Agreement. The following defined terms in this Annex B shall have the meanings specified below, and Section references below shall be references to Sections in this Annex B:

“Articles Supplementary” means the Articles Supplementary of the Company filed with the State Department of Assessments and Taxation of the State of Maryland on July 20, 2020, designating the terms, rights and preferences of the Series A Preferred Stock, and the Articles Supplementary of the Company filed the State Department of Assessments and Taxation of the State of Maryland on March 31, 2021, designating additional shares of Series A Preferred Stock.

“Base Liquidation Preference” shall have the meaning provided in Section 6(A).

“Common Stock” shall have the meaning provided in the Charter.

“Distribution Record Date” shall have the meaning provided in Section 5(A).

“Junior Preferred Units” shall have the meaning provided in Section 4.

“Liquidating Distributions” shall have the meaning provided in Section 6(A).

“Parity Preferred Units” shall have the meaning provided in Section 4.

“Preferred Units” means all Partnership Units designated as preferred units by the General Partner from time to time in accordance with Section 4.2 of the Agreement.

“Senior Preferred Units” shall have the meaning provided in Section 4.

“Series A Preferred Return” shall have the meaning provided in Section 5(A).

“Series A Preferred Stock” shall have the meaning provided in the Charter.

“Series A Preferred Unit Distribution Payment Date” shall have the meaning provided in Section 5(A).

“Series A Preferred Units” shall have the meaning provided in Section 1.

“Set apart for payment” shall be deemed to include (without limitation): the recording by the Partnership in its accounting ledgers of any accounting or bookkeeping entry which indicates, in accordance with the Agreement, the allocation of funds to be so paid on any series or class of Partnership Units; provided, however, that if any funds for any class or series of Junior Preferred Units or Parity Preferred Units are placed in a separate account of the Partnership or delivered to a disbursing, paying or other similar agent, then “set apart for payment” with respect to the Series A Preferred Units shall mean placing such funds in a separate account or delivering such funds to a disbursing, paying or other similar agent.

Section 3. Maturity. The Series A Preferred Units have no stated maturity and will not be subject to any sinking fund or mandatory redemption.

Section 4. Rank. The Series A Preferred Units will, with respect to distribution rights and rights upon liquidation, dissolution or winding up of the Partnership, rank (a) senior to all classes or series of Common Units of the Partnership and any class or series of Preferred Units expressly designated as ranking junior to the Series A Preferred Units as to distribution rights and rights upon liquidation, dissolution or winding up of the Partnership (collectively, the “Junior Preferred Units”); (b) on parity with any class or series of Preferred Units issued by the Partnership expressly designated as ranking on parity with the Series A Preferred Units as to distribution rights and rights upon liquidation, dissolution or winding up of the Partnership, including the Series B Preferred Units and Series C Preferred Units (the “Parity Preferred Units”); and (c) junior to any class or series of Preferred Units issued by the Partnership expressly designated as ranking senior to the Series A Preferred Units as to distribution rights and rights upon liquidation, dissolution or winding up of the Partnership (the “Senior Preferred Units”). The term “Preferred Units” does not include convertible or exchangeable debt securities of the Partnership, including convertible or exchangeable debt securities which will rank senior to the Series A Preferred Units prior to conversion or exchange. The Series A Preferred Units will also rank junior in right or payment to the Partnership's existing and future indebtedness.

Section 5. Distributions.

A. Subject to the preferential rights of holders of any class or series of Preferred Units of the Partnership expressly designated as ranking senior to the Series A Preferred Units as to distribution rights, the holders of Series A Preferred Units shall be

entitled to receive, when, as and if authorized by the General Partner in accordance with the Agreement and declared by the Partnership, out of assets of the Partnership legally available for payment of distributions, cumulative cash distributions at the rate of 8.50% per annum of the Base Liquidation Preference (as defined below) per unit (equivalent to a fixed annual amount of \$2.125 per unit) (the “Series A Preferred Return”). Distributions on the Series A Preferred Units shall accrue and be cumulative from, but not including, the date of original issue of any Series A Preferred Units and shall be payable quarterly, in equal amounts, in arrears, on or about the 25th day of each January, April, July and October of each year (or, if not a Business Day (as defined below), then the next succeeding Business Day, each a “Series A Preferred Unit Distribution Payment Date”) for the period ending on such Series A Preferred Unit Distribution Payment Date, commencing on October 25, 2020. “Business Day” shall mean any day, other than a Saturday or Sunday, that is neither a legal holiday nor a day on which banking institutions in Texas or New York are authorized or required by applicable law, regulation or executive order to close. The amount of any distribution payable on the Series A Preferred Units for any partial distribution period will be prorated and computed on the basis of twelve 30-day months and a 360-day year. Distributions will be payable in arrears to holders of record of the Series A Preferred Units as they appear on the records of the Partnership at the close of business on the applicable Partnership Record Date (each, a “Distribution Record Date”).

B. No distributions on the Series A Preferred Units shall be authorized by the General Partner or declared, paid or set apart for payment by the Partnership at such time as the terms and provisions of any agreement of the Company or the Partnership, including any agreement relating to the indebtedness of any of them, prohibits such authorization, declaration, payment or setting apart for payment or provides that such authorization, declaration, payment or setting apart for payment would constitute a breach thereof or a default thereunder, or if such authorization, declaration, payment or setting apart shall be restricted or prohibited by applicable law.

C. Notwithstanding anything to the contrary contained herein, distributions on the Series A Preferred Units will accrue whether or not the restrictions referred to in Section 5(B) exist, whether or not the Partnership has earnings, whether or not there are assets legally available for the payment of such distributions and whether or not such distributions are authorized or declared.

D. Except provided in Section 5(E) below, no distributions shall be declared and paid or set apart for payment, and no other distribution of cash or other property may be declared and made, directly or indirectly, on or with respect to, any Common Units, Parity Preferred Units or Junior Preferred Units of the Partnership (other than a distribution paid in units of, or options, warrants or rights to subscribe for or purchase units of, Common Units or Junior Preferred Units) for any period, nor shall units of any class or series of Common Units, Parity Preferred Units or Junior Preferred Units be redeemed, purchased or otherwise acquired for any consideration, nor shall any assets be paid or made available for a sinking fund for the redemption of any such units by the Partnership, directly or indirectly (except by conversion into or exchange for units of, or options, warrants or rights to subscribe for or purchase units of, Common Units or Junior

Preferred Units, and except for purchases or exchanges pursuant to a purchase or exchange offer made on the same terms to all holders of Series A Preferred Units and all holders of Parity Preferred Units), unless full cumulative distributions on the Series A Preferred Units for all past distribution periods shall have been or contemporaneously are declared and paid or declared and a sum sufficient for the payment thereof is set apart for payment.

E. When cumulative distributions are not paid in full (or a sum sufficient for such full payment is not so set apart for payment) on the Series A Preferred Units and any Parity Preferred Units, all distributions declared on the Series A Preferred Units and any Parity Preferred Units shall be declared pro rata so that the amount of distributions declared per Series A Preferred Unit and such Parity Preferred Units shall in all cases bear to each other the same ratio that accrued distributions per Series A Preferred Unit and such Parity Preferred Units (which shall not include any accrual in respect of unpaid distributions on any Parity Preferred Units for prior distribution periods if such Parity Preferred Units do not have a cumulative distribution) bear to each other. No interest, or sum of money in lieu of interest, shall be payable in respect of any distribution payment or payments on Series A Preferred Units which may be in arrears.

F. Holders of Series A Preferred Units shall not be entitled to any distribution, whether payable in cash, property or units of the Partnership, in excess of full cumulative distributions on the Series A Preferred Units as provided above. Any distribution made on the Series A Preferred Units shall first be credited against the earliest accrued but unpaid distributions due with respect to such units which remain payable. Accrued but unpaid distributions on Series A Preferred Units will accumulate as of the Series A Preferred Unit Distribution Payment Date on which they first become payable or on the date of redemption, as the case may be.

G. For the avoidance of doubt, in determining whether a distribution (other than upon voluntary or involuntary liquidation), redemption or other acquisition of the Partnership Units is permitted under Delaware law, no effect shall be given to the amounts that would be needed, if the Partnership were to be dissolved at the time of the distribution, to satisfy the preferential rights upon distribution of holders of Partnership Units whose preferential rights are superior to those receiving the distribution.

Section 6. Liquidation Preference.

A. Upon any voluntary or involuntary liquidation, dissolution or winding up of the affairs of the Partnership, before any distribution or payment shall be made to the holders of any Common Units or Junior Preferred Units, the holders of the Series A Preferred Units then outstanding shall be entitled to be paid, or have the Partnership declare and set apart for payment, out of the assets of the Partnership legally available for distribution to its Partners after payment or provision for payment of all debts and other liabilities of the Partnership, a liquidation preference in cash of \$25.00 per Series A Preferred Unit (the "Base Liquidation Preference"), plus an amount equal to any accrued and unpaid distributions (whether or not declared) to, but not including, the date of

payment or the date the liquidation preference is set apart for payment (the “Liquidating Distributions”).

B. If upon any such voluntary or involuntary liquidation, dissolution or winding up of the Partnership, the available assets of the Partnership are insufficient to pay the full amount of the Liquidating Distributions on all outstanding Series A Preferred Units and the corresponding amounts payable on all outstanding Parity Preferred Units, then the holders of Series A Preferred Units and Parity Preferred Units shall share ratably in any such distribution of assets in proportion to the full Liquidating Distributions to which they would otherwise be respectively entitled.

C. Upon any voluntary or involuntary liquidation, dissolution or winding up of the Partnership, after payment shall have been made in full to the holders of the Series A Preferred Units and any Parity Preferred Units, any other series or class or classes of Junior Preferred Units shall be entitled to receive any and all assets remaining to be paid or distributed, and the holders of the Series A Preferred Units and any Parity Preferred Units shall not be entitled to share therein.

D. After payment of the full amount of the Liquidating Distributions to which they are entitled, holders of Series A Preferred Units will have no right or claim to any of the remaining assets of the Partnership.

E. For the avoidance of doubt, the consolidation, merger or conversion of the Partnership with or into another entity, the merger of another entity with or into the Partnership, a statutory unit exchange by the Partnership or the sale, lease, transfer or conveyance of all or substantially all of the assets or business of the Partnership shall not be considered a liquidation, dissolution or winding up of the affairs of the Partnership.

Section 7. Optional Redemption.

A. The Series A Preferred Units are not redeemable prior to July 24, 2025, except as otherwise provided in this Section 7. On and after July 24, 2025, the Partnership, at its option, upon not less than 30 nor more than 60 days' written notice, may redeem the Series A Preferred Units, in whole or from time to time in part, for cash, at a redemption price equal to \$25.00 per Series A Preferred Unit, plus any accrued and unpaid distributions thereon (whether or not declared) to, but not including, the date fixed for redemption (the “Redemption Date”). If fewer than all of the outstanding Series A Preferred Units are to be redeemed, the Series A Preferred Units to be redeemed may be selected pro rata (as nearly as practicable without creating fractional units) or by lot.

B. Unless full cumulative distributions on all Series A Preferred Units shall have been or contemporaneously are declared and paid or declared and a sum sufficient for the payment thereof set apart for payment for all past distribution periods, (i) no Series A Preferred Units shall be redeemed unless all outstanding Series A Preferred Units are simultaneously redeemed, and (ii) the Partnership shall not purchase or otherwise acquire directly or indirectly for any consideration, nor shall any monies be paid to or be made available for a sinking fund for the redemption of, any Series A Preferred Units (except by

conversion into or exchange for, or options, warrants or rights to purchase or subscribe for units of, Common Units or Junior Preferred Units of the Partnership); provided, however, that the foregoing shall not prevent the redemption or purchase of Series A Preferred Units by the Partnership in connection with a redemption or purchase by the Company of Series A Preferred Stock pursuant to Article VII of the Charter or otherwise in order to ensure that the Company remains qualified as a REIT for federal income tax purposes or pursuant to the terms of the Articles Supplementary, or the purchase or acquisition of Series A Preferred Units pursuant to a purchase or exchange offer made on the same terms to holders of all outstanding Series A Preferred Units.

C. Immediately prior to any redemption of Series A Preferred Units, the Partnership shall pay, in cash, any accrued and unpaid distributions on the Series A Preferred Units (whether or not declared) to, but not including, the Redemption Date, unless a Redemption Date falls after a Distribution Record Date and prior to the corresponding Series A Preferred Unit Distribution Payment Date, in which case each holder of Series A Preferred Units at the close of business on such Distribution Record Date shall be entitled to the distribution payable on such units on the corresponding Series A Preferred Unit Distribution Payment Date (including any accumulated and unpaid distributions for prior distribution periods) notwithstanding the redemption of such units before such Series A Preferred Unit Distribution Payment Date. Except as provided above, the Partnership will make no payment or allowance for unpaid distributions, whether or not in arrears, on Series A Preferred Units for which a notice of redemption has been given.

D. Notice of redemption of the Series A Preferred Units shall be mailed by the Partnership to each holder of record of the Series A Preferred Units to be redeemed by first class mail, postage prepaid, not less than 30 nor more than 60 days prior to the Redemption Date at such holder's address as the same appears on the records of the Partnership. A failure to give such notice or any defect therein or in the mailing thereof shall not affect the validity of the proceedings for the redemption of any Series A Preferred Units except as to the holder to whom notice was defective or not given. In addition to any information required by applicable law, each notice shall state: (i) the Redemption Date; (ii) the redemption price; (iii) the number of Series A Preferred Units to be redeemed; (iv) the place or places where the Series A Preferred Units are to be surrendered for payment of the redemption price; and (v) that distributions on such Series A Preferred Units to be redeemed will cease to accrue on such Redemption Date. If less than all of the Series A Preferred Units held by any holder are to be redeemed, the notice mailed to such holder shall also specify the number of units of Series A Preferred Units held by such holder to be so redeemed.

E. Holders of Series A Preferred Units to be redeemed shall surrender such Series A Preferred Units at the place or places designated in such notice and, upon surrender of the units, such Series A Preferred Units shall be redeemed by the Partnership at the redemption price plus any accrued and unpaid distributions (whether or not declared) payable upon such redemption. If notice of redemption of any of the Series A Preferred Units has been given and if the assets necessary for such redemption have been set apart for payment by the Partnership for the benefit of the holders of any

Series A Preferred Units so called for redemption, then from and after the Redemption Date distributions will cease to accrue on such Series A Preferred Units, such Series A Preferred Units shall no longer be deemed outstanding and all rights of the holders of such Series A Preferred Units will terminate, except the right to receive the redemption price and any accrued and unpaid distributions (whether or not declared) to, but not including, the Redemption Date; provided, however, if the Redemption Date falls after a Distribution Record Date and prior to the corresponding Series A Preferred Unit Distribution Payment Date, each holder of Series A Preferred Units so called for redemption at the close of business on such Distribution Record Date shall be entitled to the distribution payable on such units on the corresponding Series A Preferred Unit Distribution Payment Date notwithstanding the redemption of such units before such Series A Preferred Unit Distribution Payment Date.

F. Notwithstanding anything to the contrary contained herein, the Partnership may redeem one Series A Preferred Unit for each share of Series A Preferred Stock purchased in the open market, through tender or by private agreement by the Company.

G. All Series A Preferred Units redeemed or otherwise acquired by the Partnership in any manner whatsoever shall be canceled with respect to each Series A Preferred Unit so redeemed in accordance with the applicable provisions of the Agreement. From and after the Redemption Date, the Series A Preferred Units so canceled shall no longer be outstanding and all rights hereunder, to distributions or otherwise, with respect to such Series A Preferred Units shall cease.

H. Notwithstanding anything to the contrary contained herein, the Partnership may redeem Series A Preferred Units at any time in connection with any redemption by the Company of the Series A Preferred Stock.

Section 8. Voting Rights.

A. Holders of the Series A Preferred Units will not have any voting or consent rights.

B. When reference is made to Percentage Interest or holdings of Partnership Units as a threshold for voting, consent, approval or any similar requirement in the Agreement, such reference will not include Series A Preferred Units, except as required by applicable law.

Section 9. Conversion. The Series A Preferred Units are not convertible or exchangeable for any other property or securities, except as provided herein.

A. In the event that a holder of Series A Preferred Stock exercises its right to convert the Series A Preferred Stock into Common Stock in accordance with the terms of the Articles Supplementary, then, concurrently therewith, an equivalent number of Series A Preferred Units of the Partnership held by the Company shall be automatically converted into a number of Common Units of the Partnership equal to the number of shares of Common Stock issued upon conversion of such Series A Preferred Stock; provided, however, that if a holder of Series A Preferred Stock receives cash or other

consideration in addition to or in lieu of Common Stock in connection with such conversion, then the Company, as the holder of the Series A Preferred Units, shall be entitled to receive cash or such other consideration equal (in amount and form) to the cash or other consideration to be paid by the Company to such holder of the Series A Preferred Stock. Any such conversion will be effective at the same time the conversion of Series A Preferred Stock into Common Stock is effective.

B. No fractional units will be issued in connection with the conversion of Series A Preferred Units into Common Units. In lieu of fractional Common Units, the Company shall be entitled to receive a cash payment in respect of any fractional unit in an amount equal to the fractional interest multiplied by the closing price of a share of Common Stock on the date the shares of Series A Preferred Stock are surrendered for conversion by a holder thereof.

Section 11. Except as modified herein, all terms and conditions of the Agreement shall remain in full force and effect.

ANNEX C

DESIGNATION OF THE SERIES B PREFERRED UNITS

OF

NEXPOINT REAL ESTATE FINANCE OPERATING PARTNERSHIP, L.P.

Section 1. Designation and Number. A series of Preferred Units (as defined below) of NexPoint Real Estate Finance Operating Partnership, L.P., a Delaware limited partnership (the "Partnership"), designated the "9.00% Series B Cumulative Redeemable Preferred Units" (the "Series B Preferred Units"), is hereby established in accordance with the terms of the Agreement. The number of authorized Series B Preferred Units shall be 17,200,000.

Section 2. Defined Terms. Capitalized terms used herein and not otherwise defined shall have the meanings given to such terms in the Agreement. In addition to the capitalized terms elsewhere defined herein, the following defined terms used herein shall have the meanings specified below:

"Business Day" shall mean each day, other than a Saturday or Sunday, that is neither a legal holiday nor a day on which banking institutions in Texas or New York are authorized or required by law, regulation or executive order to close.

"liquidation preference" shall mean \$25.00 per Series B Preferred Unit, subject to appropriate adjustment in relation to any recapitalizations, unit distributions, unit splits, unit combinations, statutory unit exchanges, reclassifications or other similar events which affect the Series B Preferred Stock.

"Series B Preferred Stock" shall mean the 9.00% Series B Cumulative Redeemable Preferred Stock, par value \$0.01 per share, of the Company.

Section 3. Maturity. The Series B Preferred Units have no stated maturity and will not be subject to any sinking fund or mandatory redemption.

Section 4. Rank. The Series B Preferred Units, with respect to priority of payment of distributions and rights upon voluntary or involuntary liquidation, dissolution or winding up of the affairs of the Partnership, shall rank (a) senior to all classes or series of Common Units, and to any other class or series of Partnership Units issued in the future (together with the Common Units, the "Junior Units"), unless the terms of such Partnership Units expressly provide that it ranks senior to, or on parity with, the Series B Preferred Units with respect to priority of payment of distributions or rights upon voluntary or involuntary liquidation, dissolution or winding up of the affairs of the Company; (b) on parity with the Series A Preferred Units, Series C Preferred Units and any other class or series of Partnership Units the terms of which expressly provide that it ranks on parity with the Series B Preferred Units with respect to priority of payment of distributions or rights upon voluntary or involuntary liquidation, dissolution or winding up of the affairs of the Partnership (collectively, the "Parity Units"); and (c) junior to any class or series of

Partnership Units, the terms of which expressly provide that it ranks senior to the Series B Preferred Units with respect to priority of payment of distributions or rights upon voluntary or involuntary liquidation, dissolution or winding up of the affairs of the Partnership. The term "Partnership Units" as used in this Section does not include convertible or exchangeable debt securities, including convertible or exchangeable debt securities which rank senior to the Series B Preferred Units prior to conversion or exchange. The Series B Preferred Units shall also rank junior in right to payment to the Partnership's other existing and future indebtedness.

Section 5. Distributions.

A. Subject to the preferential rights of the holders of any class or series of Partnership Units ranking senior to the Series B Preferred Units with respect to priority of distributions, holders of the Series B Preferred Units are entitled to receive, when, as and if authorized by the General Partner in accordance with the Agreement and declared by the Partnership, out of assets legally available for the payment of distributions, cumulative cash distributions on such Series B Preferred Unit at the rate of 9.00% per annum of the liquidation preference (each, a "Cash Distribution"). If a Series B Preferred Unit has a date of original issuance (the "Original Issue Date") prior to the Distribution Record Date (defined below) for the Distribution Period (defined below) in which such Series B Preferred Unit is issued, the Cash Distributions payable on such Series B Preferred Unit shall begin accruing on, and be cumulative from and including, the first day of the Distribution Period in which such Series B Preferred Unit is issued. If a Series B Preferred Unit has an Original Issue Date after the Distribution Record Date for the Distribution Period in which such Series B Preferred Unit is issued, the Cash Distributions payable on such Series B Preferred Unit shall begin accruing on, and be cumulative from and including, the first day of the first Distribution Period commencing after its issuance. Cash Distributions shall be payable monthly in arrears on or about the fifth day of each calendar month or, if such date is not a Business Day, on the next succeeding Business Day, with the same force and effect as if paid on such date (each, a "Distribution Payment Date"), and no interest or additional distributions or other sums shall accrue on the amount so payable from such Distribution Payment Date to such next succeeding Business Day. A "Distribution Period" is the respective period commencing on and including the first day of each calendar month and ending on and including the day preceding the first day of the next succeeding Distribution Period. Cash Distributions shall be payable to holders of record of the Series B Preferred Units as they appear in the records of the Partnership at the close of business on the 25th day of the calendar month preceding the applicable Distribution Payment Date or, if such date is not a Business Day, on the immediately preceding Business Day (each, a "Distribution Record Date"). Any distribution payable on the Series B Preferred Units for any Distribution Period shall be computed on the basis of a 360-day year consisting of twelve 30-day months.

B. No distributions on Series B Preferred Units shall be authorized by the General Partner or declared, paid or set apart for payment by the Partnership at such time as the terms and provisions of any agreement of the Company or the Partnership, including any agreement relating to the indebtedness of any of them, prohibits such authorization, declaration, payment or setting apart for payment or provides that such

authorization, declaration, payment or setting apart for payment would constitute a breach thereof or a default thereunder, or if such authorization, declaration, payment or setting apart for payment shall be restricted or prohibited by law.

C. Notwithstanding anything to the contrary contained herein, distributions on the Series B Preferred Units shall accrue whether or not the restrictions referred to in Section 5(B) exist, whether or not the Partnership has earnings, whether or not there are assets legally available for the payment of such distributions and whether or not such distributions are authorized or declared. No interest, or sum of money in lieu of interest, shall be payable in respect of any distribution payment or payments on the Series B Preferred Units which may be in arrears. When cumulative distributions are not paid in full (or a sum sufficient for such full payment is not so set apart) upon the Series B Preferred Units and the Parity Units, all distributions declared upon the Series B Preferred Units and any Parity Units shall be declared pro rata so that the amount of distributions declared per Series B Preferred Unit and Parity Units shall in all cases bear to each other the same ratio that accumulated distributions per Partnership Unit (which shall not include any accrual in respect of unpaid distributions for prior Distribution Periods if such Parity Stock does not have a cumulative distribution) bear to each other.

D. Except as provided in the foregoing Section 5(C), unless full cumulative distributions on the Series B Preferred Units have been or contemporaneously are declared and paid or declared and a sum sufficient for the payment thereof in full is set apart for payment for all past Distribution Periods that have ended, no distributions of cash or other property may be declared and paid or declared and set apart for payment, directly or indirectly, on or with respect to the Junior Units or the Parity Units (other than distributions in Junior Units or in options, warrants or rights to subscribe for or purchase Junior Units), nor shall any Junior Units or Parity Units be redeemed, purchased or otherwise acquired (other than a redemption, purchase or other acquisition of Common Units made for purposes of and in compliance with requirements of any incentive, benefit or equity purchase plan of the Partnership or the Company or any subsidiary thereof) for any consideration (or any monies be paid to or made available for a sinking fund for the redemption of any such Partnership Units), directly or indirectly, by the Partnership (except by conversion into or exchange for Junior Units, or options, warrants or rights to subscribe for or purchase Junior Units, and except for purchases or exchanges pursuant to a purchase or exchange offer made on the same terms to all holders of Series B Preferred Units and all holders of Parity Units).

E. Holders of Series B Preferred Units shall not be entitled to any distribution, whether payable in cash, property or Partnership Units, in excess of full cumulative distributions on the Series B Preferred Units as described above. Any distribution made on the Series B Preferred Units shall first be credited against the earliest accrued but unpaid distributions due with respect to such Series B Preferred Units which remain payable. Accrued but unpaid distributions on the Series B Preferred Units shall accumulate as of the Distribution Payment Date on which they first become payable or on the date of redemption, as the case may be.

F. “Set apart for payment” shall be deemed to include (without limitation): the recording by the Partnership in its accounting ledgers of any accounting or bookkeeping entry which indicates, in accordance with the Agreement, the allocation of funds to be so paid on any series or class of Partnership Units; provided, however, that if any funds for any class or series of Junior Units or Parity Units are placed in a separate account of the Partnership or delivered to a disbursing, paying or other similar agent, then “set apart for payment” with respect to the Series B Preferred Units shall mean placing such funds in a separate account or delivering such funds to a disbursing, paying or other similar agent.

Section 6. Liquidation Preference.

A. Upon any voluntary or involuntary liquidation, dissolution or winding up of the affairs of the Partnership, the holders of Series B Preferred Units then outstanding are entitled to be paid, or have the Partnership declare and set apart for payment, out of the assets of the Partnership legally available for distribution to its holders of Partnership Units, after payment of or provision for payment of the Partnership’s debts and other liabilities, the liquidation preference per Series B Preferred Unit, plus an amount equal to any accrued and unpaid Cash Distributions (whether or not authorized or declared) thereon to but not including the date of payment or the date the amount for payment is set apart (collectively, the “Liquidating Distributions”), before any distribution or payment of assets is made to holders of Junior Units. If the assets of the Partnership legally available for distribution to holders of Partnership Units are insufficient to pay in full the Liquidating Distributions on all outstanding Series B Preferred Units and the corresponding amounts payable on all outstanding Parity Units, then all assets distributed to the holders of the Series B Preferred Units and any class or series of Parity Units shall be distributed pro rata so that the amount of assets distributed per Series B Preferred Unit and such class or series of Parity Units shall in all cases bear to each other the same ratio that the Liquidating Distributions per Series B Preferred Unit and such class or series of Parity Units bear to each other. Written notice of the effective date of any such liquidation, dissolution or winding up of the affairs of the Partnership, stating the payment date or dates when, and the place or places where, the amounts distributable in such circumstances shall be payable, shall be given by first class mail, postage pre-paid, not fewer than 30 nor more than 60 days prior to the payment date stated therein, to each record holder of the Series B Preferred Units at the respective addresses of such holders as the same shall appear on the transfer records of the Partnership.

B. After payment of the full amount of the Liquidating Distributions to which they are entitled, the holders of Series B Preferred Units shall have no right or claim to any of the remaining assets of the Partnership.

C. For the avoidance of doubt, the consolidation, merger or conversion of the Partnership with or into another entity, the merger of another entity with or into the Partnership, a statutory unit exchange by the Partnership or the sale, lease, transfer or conveyance of all or substantially all of the assets or business of the Partnership shall not be considered a liquidation, dissolution or winding up of the affairs of the Partnership.

Section 7. Redemptions.

A. The Partnership shall redeem a number of Series B Preferred Units equal to the number of shares of Series B Preferred Stock redeemed by the Company, on such dates as the Company may from time to time redeem such shares of Series B Preferred Stock. The redemption price per Series B Preferred Unit shall be equal to the redemption price paid by the Company per share of Series B Preferred Stock. If the Company pays the redemption price for the redemption of any shares of Series B Preferred Stock by issuing shares of Common Stock, the Partnership shall pay the redemption price for the redemption of the same number of Series B Preferred Units by issuing Common Units in an amount equal to the number of shares of Common Stock the Company issues in connection with the redemption. The Partnership shall issue Class A Common Units in such case, if the Series B Preferred Units are held by the Company. Each holder of Series B Preferred Units that shall be redeemed by the Partnership shall be entitled to an amount equal to the distributions accruing after the end of the Distribution Period to which such Distribution Payment Date relates, up to but not including, the redemption date. To the extent the redemption price paid by the Company to redeem shares of Series B Preferred Stock constitutes a payment of accrued and unpaid dividends on such shares, the redemption price paid by the Partnership to redeem Series B Preferred Units shall to the same extent constitute a payment of accrued and unpaid distributions on such Series B Preferred Units. Distributions on Series B Preferred Units to be redeemed shall cease to accrue when dividends shall cease to accrue on the shares of Series B Preferred Stock to be redeemed by the Company in connection with the redemption of such Series B Preferred Units.

Section 8. Voting Rights.

A. Holders of the Series B Preferred Units shall not have any voting or consent rights.

B. When reference is made to Percentage Interest or holdings of Partnership Units as a threshold for voting, consent, approval or any similar requirement in the Agreement, such reference shall not include Series B Preferred Units, except as required by applicable law.

Section 9. Conversion. Except as otherwise set forth herein, the Series B Preferred Units are not convertible for any other property or securities of the Partnership.

Section 10. Term. The Series B Preferred Units have no stated maturity date and shall not be subject to any sinking fund and, except as otherwise set forth herein, is not subject to mandatory redemption. The Partnership shall not be required to set aside funds to redeem the Series B Preferred Units.

Section 11. Status of Redeemed or Repurchased Series B Preferred Units. All Series B Preferred Units redeemed, repurchased or otherwise acquired in any manner by the Partnership shall constitute authorized but unissued Series B Preferred Units.

ANNEX D

DESIGNATION OF THE SERIES C PREFERRED UNITS

OF

NEXPOINT REAL ESTATE FINANCE OPERATING PARTNERSHIP, L.P.

Section 1. Designation and Number. A series of Preferred Units (as defined below) of NexPoint Real Estate Finance Operating Partnership, L.P., a Delaware limited partnership (the “Partnership”), designated the “8.00% Series C Cumulative Redeemable Preferred Units” (the “Series C Preferred Units”), is hereby established in accordance with the terms of the Agreement. The number of authorized Series C Preferred Units shall be 8,000,000.

Section 2. Defined Terms. Capitalized terms used herein and not otherwise defined shall have the meanings given to such terms in the Agreement. In addition to the capitalized terms elsewhere defined herein, the following defined terms used herein shall have the meanings specified below:

“Business Day” shall mean each day, other than a Saturday or Sunday, that is neither a legal holiday nor a day on which banking institutions in Texas or New York are authorized or required by law, regulation or executive order to close.

“Stated Value” shall mean \$25.00 per Series C Preferred Unit, subject to appropriate adjustment in relation to any recapitalizations, unit distributions, unit splits, unit combinations, statutory unit exchanges, reclassifications or other similar events which affect the Series C Preferred Stock.

“Series C Preferred Stock” shall mean the 8.00% Series C Cumulative Redeemable Preferred Stock, par value \$0.01 per share, of the Company.

Section 3. Maturity. The Series C Preferred Units have no stated maturity and will not be subject to any sinking fund or mandatory redemption.

Section 4. Rank. The Series C Preferred Units, with respect to priority of payment of distributions and rights upon voluntary or involuntary liquidation, dissolution or winding up of the affairs of the Partnership, shall rank (a) senior to all classes or series of Common Units, and to any other class or series of Partnership Units issued in the future (together with the Common Units, the “Junior Units”), unless the terms of such Partnership Units expressly provide that it ranks senior to, or on parity with, the Series C Preferred Units with respect to priority of payment of distributions or rights upon voluntary or involuntary liquidation, dissolution or winding up of the affairs of the Company; (b) on parity with the Series A Preferred Units, Series B Preferred Units and any other class or series of Partnership Units the terms of which expressly provide that it ranks on parity with the Series C Preferred Units with respect to priority of payment of distributions or rights upon voluntary or involuntary liquidation, dissolution or winding up of the affairs of the Partnership (collectively, the “Parity Units”); and (c) junior to any class or series of

Partnership Units, the terms of which expressly provide that it ranks senior to the Series C Preferred Units with respect to priority of payment of distributions or rights upon voluntary or involuntary liquidation, dissolution or winding up of the affairs of the Partnership. The term "Partnership Units" as used in this Section does not include convertible or exchangeable debt securities, including convertible or exchangeable debt securities which rank senior to the Series C Preferred Units prior to conversion or exchange. The Series C Preferred Units shall also rank junior in right to payment to the Partnership's other existing and future indebtedness.

Section 5. Distributions.

A. Subject to the preferential rights of the holders of any class or series of Partnership Units ranking senior to the Series C Preferred Units with respect to priority of distributions, holders of the Series C Preferred Units are entitled to receive, when, as and if authorized by the General Partner in accordance with the Agreement and declared by the Partnership, out of assets legally available for the payment of distributions, cumulative cash distributions on such Series C Preferred Unit at the rate of 8.00% per annum of the Stated Value (each, a "Cash Distribution"). If a Series C Preferred Unit has a date of original issuance (the "Original Issue Date") prior to the Distribution Record Date (defined below) for the Distribution Period (defined below) in which such Series C Preferred Unit is issued, the Cash Distributions payable on such Series C Preferred Unit shall begin accruing on, and be cumulative from and including, the first day of the Distribution Period in which such Series C Preferred Unit is issued. If a Series C Preferred Unit has an Original Issue Date after the Distribution Record Date for the Distribution Period in which such Series C Preferred Unit is issued, the Cash Distributions payable on such Series C Preferred Unit shall begin accruing on, and be cumulative from and including, the first day of the first Distribution Period commencing after its issuance. Cash Distributions shall be payable monthly in arrears on or about the fifth day of each calendar month or, if such date is not a Business Day, on the next succeeding Business Day, with the same force and effect as if paid on such date (each, a "Distribution Payment Date"), and no interest or additional distributions or other sums shall accrue on the amount so payable from such Distribution Payment Date to such next succeeding Business Day. A "Distribution Period" is the respective period commencing on and including the first day of each calendar month and ending on and including the day preceding the first day of the next succeeding Distribution Period. Cash Distributions shall be payable to holders of record of the Series C Preferred Units as they appear in the records of the Partnership at the close of business on the 25th day of the calendar month preceding the applicable Distribution Payment Date or, if such date is not a Business Day, on the immediately preceding Business Day (each, a "Distribution Record Date"). Any distribution payable on the Series C Preferred Units for any Distribution Period shall be computed on the basis of a 360-day year consisting of twelve 30-day months.

B. No distributions on Series C Preferred Units shall be authorized by the General Partner or declared, paid or set apart for payment by the Partnership at such time as the terms and provisions of any agreement of the Company or the Partnership, including any agreement relating to the indebtedness of any of them, prohibits such authorization, declaration, payment or setting apart for payment or provides that such

authorization, declaration, payment or setting apart for payment would constitute a breach thereof or a default thereunder, or if such authorization, declaration, payment or setting apart for payment shall be restricted or prohibited by law.

C. Notwithstanding anything to the contrary contained herein, distributions on the Series C Preferred Units shall accrue whether or not the restrictions referred to in Section 5(B) exist, whether or not the Partnership has earnings, whether or not there are assets legally available for the payment of such distributions and whether or not such distributions are authorized or declared. No interest, or sum of money in lieu of interest, shall be payable in respect of any distribution payment or payments on the Series C Preferred Units which may be in arrears. When cumulative distributions are not paid in full (or a sum sufficient for such full payment is not so set apart) upon the Series C Preferred Units and the Parity Units, all distributions declared upon the Series C Preferred Units and any Parity Units shall be declared pro rata so that the amount of distributions declared per Series C Preferred Unit and Parity Units shall in all cases bear to each other the same ratio that accumulated distributions per Partnership Unit (which shall not include any accrual in respect of unpaid distributions for prior Distribution Periods if such Parity Stock does not have a cumulative distribution) bear to each other.

D. Except as provided in the foregoing Section 5(C), unless full cumulative distributions on the Series C Preferred Units have been or contemporaneously are declared and paid or declared and a sum sufficient for the payment thereof in full is set apart for payment for all past Distribution Periods that have ended, no distributions of cash or other property may be declared and paid or declared and set apart for payment, directly or indirectly, on or with respect to the Junior Units or the Parity Units (other than distributions in Junior Units or in options, warrants or rights to subscribe for or purchase Junior Units), nor shall any Junior Units or Parity Units be redeemed, purchased or otherwise acquired (other than a redemption, purchase or other acquisition of Common Units made for purposes of and in compliance with requirements of any incentive, benefit or equity purchase plan of the Partnership or the Company or any subsidiary thereof) for any consideration (or any monies be paid to or made available for a sinking fund for the redemption of any such Partnership Units), directly or indirectly, by the Partnership (except by conversion into or exchange for Junior Units, or options, warrants or rights to subscribe for or purchase Junior Units, and except for purchases or exchanges pursuant to a purchase or exchange offer made on the same terms to all holders of Series C Preferred Units and all holders of Parity Units).

E. Holders of Series C Preferred Units shall not be entitled to any distribution, whether payable in cash, property or Partnership Units, in excess of full cumulative distributions on the Series C Preferred Units as described above. Any distribution made on the Series C Preferred Units shall first be credited against the earliest accrued but unpaid distributions due with respect to such Series C Preferred Units which remain payable. Accrued but unpaid distributions on the Series C Preferred Units shall accumulate as of the Distribution Payment Date on which they first become payable or on the date of redemption, as the case may be.

F. “Set apart for payment” shall be deemed to include (without limitation): the recording by the Partnership in its accounting ledgers of any accounting or bookkeeping entry which indicates, in accordance with the Agreement, the allocation of funds to be so paid on any series or class of Partnership Units; provided, however, that if any funds for any class or series of Junior Units or Parity Units are placed in a separate account of the Partnership or delivered to a disbursing, paying or other similar agent, then “set apart for payment” with respect to the Series C Preferred Units shall mean placing such funds in a separate account or delivering such funds to a disbursing, paying or other similar agent.

Section 6. Liquidation Preference.

A. Upon any voluntary or involuntary liquidation, dissolution or winding up of the affairs of the Partnership, the holders of Series C Preferred Units then outstanding are entitled to be paid, or have the Partnership declare and set apart for payment, out of the assets of the Partnership legally available for distribution to its holders of Partnership Units, after payment of or provision for payment of the Partnership’s debts and other liabilities, the liquidation preference equal to the Stated Value per Series C Preferred Unit, plus an amount equal to any accrued and unpaid Cash Distributions (whether or not authorized or declared) thereon to but not including the date of payment or the date the amount for payment is set apart (collectively, the “Liquidating Distributions”), before any distribution or payment of assets is made to holders of Junior Units. If the assets of the Partnership legally available for distribution to holders of Partnership Units are insufficient to pay in full the Liquidating Distributions on all outstanding Series C Preferred Units and the corresponding amounts payable on all outstanding Parity Units, then all assets distributed to the holders of the Series C Preferred Units and any class or series of Parity Units shall be distributed pro rata so that the amount of assets distributed per Series C Preferred Unit and such class or series of Parity Units shall in all cases bear to each other the same ratio that the Liquidating Distributions per Series C Preferred Unit and such class or series of Parity Units bear to each other. Written notice of the effective date of any such liquidation, dissolution or winding up of the affairs of the Partnership, stating the payment date or dates when, and the place or places where, the amounts distributable in such circumstances shall be payable, shall be given by first class mail, postage pre-paid, not fewer than 30 nor more than 60 days prior to the payment date stated therein, to each record holder of the Series C Preferred Units at the respective addresses of such holders as the same shall appear on the transfer records of the Partnership.

B. After payment of the full amount of the Liquidating Distributions to which they are entitled, the holders of Series C Preferred Units shall have no right or claim to any of the remaining assets of the Partnership.

C. For the avoidance of doubt, the consolidation, merger or conversion of the Partnership with or into another entity, the merger of another entity with or into the Partnership, a statutory unit exchange by the Partnership or the sale, lease, transfer or conveyance of all or substantially all of the assets or business of the Partnership shall not be considered a liquidation, dissolution or winding up of the affairs of the Partnership.

Section 7. Redemptions.

A. The Partnership shall redeem a number of Series C Preferred Units equal to the number of shares of Series C Preferred Stock redeemed by the Company, on such dates as the Company may from time to time redeem such shares of Series C Preferred Stock. The redemption price per Series C Preferred Unit shall be equal to the redemption price paid by the Company per share of Series C Preferred Stock. If the Company pays the redemption price for the redemption of any shares of Series C Preferred Stock by issuing shares of Common Stock, the Partnership shall pay the redemption price for the redemption of the same number of Series C Preferred Units by issuing Common Units in an amount equal to the number of shares of Common Stock the Company issues in connection with the redemption. The Partnership shall issue Class A Common Units in such case, if the Series C Preferred Units are held by the Company. Each holder of Series C Preferred Units that shall be redeemed by the Partnership shall be entitled to an amount equal to the distributions accruing after the end of the Distribution Period to which such Distribution Payment Date relates, up to but not including, the redemption date. To the extent the redemption price paid by the Company to redeem shares of Series C Preferred Stock constitutes a payment of accrued and unpaid dividends on such shares, the redemption price paid by the Partnership to redeem Series C Preferred Units shall to the same extent constitute a payment of accrued and unpaid distributions on such Series C Preferred Units. Distributions on Series C Preferred Units to be redeemed shall cease to accrue when dividends shall cease to accrue on the shares of Series C Preferred Stock to be redeemed by the Company in connection with the redemption of such Series C Preferred Units.

Section 8. Voting Rights.

A. Holders of the Series C Preferred Units shall not have any voting or consent rights.

B. When reference is made to Percentage Interest or holdings of Partnership Units as a threshold for voting, consent, approval or any similar requirement in the Agreement, such reference shall not include Series C Preferred Units, except as required by applicable law.

Section 9. Conversion. Except as otherwise set forth herein, the Series C Preferred Units are not convertible for any other property or securities of the Partnership.

Section 10. Term. The Series C Preferred Units have no stated maturity date and shall not be subject to any sinking fund and, except as otherwise set forth herein, is not subject to mandatory redemption. The Partnership shall not be required to set aside funds to redeem the Series C Preferred Units.

Section 11. Status of Redeemed or Repurchased Series C Preferred Units. All Series C Preferred Units redeemed, repurchased or otherwise acquired in any manner by the Partnership shall constitute authorized but unissued Series C Preferred Units.

AMENDED AND RESTATED GUARANTY OF RECOURSE OBLIGATIONS

made by

NEXPOINT STORAGE PARTNERS, INC.,

NEXPOINT STORAGE PARTNERS OPERATING COMPANY, LLC,

AND

NEXPOINT DIVERSIFIED REAL ESTATE TRUST,

as guarantors,

in favor of

**WILMINGTON TRUST, NATIONAL ASSOCIATION, AS TRUSTEE FOR THE
BENEFIT OF THE REGISTERED HOLDERS OF GS MORTGAGE SECURITIES
TRUST 2021-GSA3, COMMERCIAL MORTGAGE PASS-THROUGH CERTIFICATES,
SERIES 2021-GSA3**

Dated as of February 13, 2026

AMENDED AND RESTATED GUARANTY OF RECOURSE OBLIGATIONS

This **AMENDED AND RESTATED GUARANTY OF RECOURSE OBLIGATIONS** (this “Guaranty”), executed on February 13, 2026 (the “Execution Date”) but made effective as of October 1, 2021 (the “Effective Date”), is made by **NEXPOINT STORAGE PARTNERS, INC.**, a Maryland corporation, having an address at c/o NexPoint Real Estate Advisors, 300 Crescent Court, Suite 700, Dallas, Texas 75201 (“NSP”), **NEXPOINT STORAGE PARTNERS OPERATING COMPANY, LLC**, a Delaware limited liability company, having an address at c/o NexPoint Real Estate Advisors, 300 Crescent Court, Suite 700, Dallas, Texas 75201 (“NSP OP,” together with NSP, “Original Guarantor”), and **NEXPOINT DIVERSIFIED REAL ESTATE TRUST**, a Delaware statutory trust, having an address at c/o NexPoint Real Estate Advisors, 300 Crescent Court, Suite 700, Dallas, Texas 75201 (“Additional Guarantor,” together with Original Guarantor, each, a “Guarantor” and collectively, “Guarantors”), in favor of **WILMINGTON TRUST, NATIONAL ASSOCIATION, AS TRUSTEE FOR THE BENEFIT OF THE REGISTERED HOLDERS OF GS MORTGAGE SECURITIES TRUST 2021-GSA3, COMMERCIAL MORTGAGE PASS-THROUGH CERTIFICATES, SERIES 2021-GSA3** (together with its successors and assigns, hereinafter referred to as “Lender”), having an address at c/o Trimont LLC, 550 S. Tryon Street, Suite 2400, Charlotte, North Carolina 28202.

RECITALS:

A. Lender is the owner and holder of a certain mortgage loan made to NSP II Miami DST, a Delaware statutory trust, NSP II Atlanta DST, a Delaware statutory trust, NSP II Stamford DST, a Delaware statutory trust, and NSP II St Pete DST, a Delaware statutory trust (collectively, “Borrower”) by Argentic Real Estate Finance LLC, a Delaware limited liability company (“Original Lender”), in the stated principal amount of \$28,500,000.00 (the “Loan”), which Loan is evidenced by, among other things, (i) that certain Loan Agreement dated as of October 1, 2021 (the “Closing Date”) among Borrower and Original Lender (as the same may be amended, modified, supplemented, replaced and/or assigned from time to time, the “Loan Agreement”), and (ii) that certain Promissory Note dated as of the Closing Date, executed by Borrower in favor of Original Lender, in the stated principal amount of \$28,500,000.00 (as amended, restated, modified and/or assigned from time to time, the “Note”);

B. In connection with the Loan, Original Guarantor executed and delivered that certain Guaranty of Recourse Obligations in favor of Original Lender, dated as of the Closing Date (the “Original Guaranty”), with respect to certain obligations of Guarantors as more particularly set forth in the Original Guaranty;

C. Original Lender’s rights and obligations under the Note and the other Loan Documents have been assigned to Lender, and Lender is the owner and holder of the Loan, the Note and the other Loan Documents;

D. Borrower has requested that Lender agree to modify and amend the terms and provisions of the Loan Documents, each as more particularly set forth in that certain Consent Agreement dated on or about the Effective Date, by and among Lender, Borrower and Guarantors (the “Consent Agreement”);

E. As a condition to the effectiveness of the Consent Agreement, Lender is requiring

that Guarantors execute and deliver to Lender this Guaranty; and

F. Each Guarantor hereby acknowledges that it will materially benefit from Lender's execution and delivery of the Consent Agreement;

NOW, THEREFORE, in consideration of the premises set forth herein and as an inducement for and in consideration of Lender's execution and delivery of the Consent Agreement, each Guarantor hereby agrees to amend and restate the Original Guaranty, and agrees, covenants, represents and warrants to Lender, as follows:

1. Definitions.

(a) All capitalized terms used and not defined herein shall have the respective meanings given such terms in the Loan Agreement.

(b) The term "Guaranteed Obligations" means (i) Borrowers' Recourse Liabilities and (ii) from and after the date that any Springing Recourse Event occurs, payment of all the Debt as and when the same is due in accordance with the Loan Documents (and whether accrued prior to, on or after such date).

2. Guaranty.

(a) Each Guarantor hereby irrevocably, absolutely and unconditionally guarantees to Lender the full, prompt and complete payment when due of the Guaranteed Obligations.

(b) All sums payable to Lender under this Guaranty shall be payable on demand and without reduction for any offset, claim, counterclaim or defense.

(c) Each Guarantor hereby agrees to indemnify, defend and save harmless Lender from and against any and all reasonable costs, losses, liabilities, claims, causes of action, expenses and damages, including reasonable attorneys' fees and disbursements, which Lender may suffer or which otherwise may arise by reason of Borrower's failure to pay any of the Guaranteed Obligations when due, irrespective of whether such costs, losses, liabilities, claims, causes of action, expenses or damages are incurred by Lender prior or subsequent to (i) Lender's declaring the Principal, interest and other sums evidenced or secured by the Loan Documents to be due and payable, (ii) the commencement or completion of a judicial or non-judicial foreclosure of the Mortgage or (iii) the conveyance of all or any portion of the Property by deed-in-lieu of foreclosure.

(d) Each Guarantor agrees that no portion of any sums applied (other than sums received from Guarantor in full or partial satisfaction of its obligations hereunder), from time to time, in reduction of the Debt shall be deemed to have been applied in reduction of the Guaranteed Obligations until such time as the Debt has been paid in full, or Guarantors shall have made the full payment required hereunder, it being the intention hereof that the Guaranteed Obligations shall be the last portion of the Debt to be deemed satisfied.

3. Representations and Warranties. Each Guarantor hereby represents and warrants to Lender as follows (which representations and warranties shall be given as of the Execution Date and shall survive the execution and delivery of this Guaranty):

(a) Organization, Authority and Execution. NSP OP is a limited liability company duly organized, validly existing and in good standing under the laws of the State of Delaware, and has all necessary power and authority to own its properties and to

its business as presently conducted or proposed to be conducted and to enter into and perform this Guaranty and all other agreements and instruments to be executed by it in connection herewith. NSP is a corporation duly organized, validly existing and in good standing under the laws of the State of Maryland, and has all necessary power and authority to own its properties and to conduct its business as presently conducted or proposed to be conducted and to enter into and perform this Guaranty and all other agreements and instruments to be executed by it in connection herewith. Additional Guarantor is a Delaware statutory trust duly organized, validly existing and in good standing under the laws of the State of Delaware, and has all necessary power and authority to own its properties and to conduct its business as presently conducted or proposed to be conducted and to enter into and perform this Guaranty and all other agreements and instruments to be executed by it in connection herewith. This Guaranty has been duly executed and delivered by each Guarantor.

(b) Enforceability. This Guaranty constitutes a legal, valid and binding obligation of each Guarantor, enforceable against each Guarantor in accordance with its terms, except as enforceability may be limited by applicable bankruptcy, insolvency, reorganization, moratorium or similar laws affecting the enforcement of creditors' rights generally.

(c) No Violation. The execution, delivery and performance by Guarantors of their obligations under this Guaranty has been duly authorized by all necessary action, and do not and, to Guarantors' knowledge, will not violate any law, regulation, order, writ, injunction or decree of any court or governmental body, agency or other instrumentality applicable to a Guarantor, or result in a material breach of any of the terms, conditions or provisions of, or constitute a default under, or result in the creation or imposition of any mortgage, lien, charge or encumbrance of any nature whatsoever upon any of the assets of a Guarantor pursuant to the terms of a Guarantor's articles of organization, or any mortgage, indenture, agreement or instrument to which a Guarantor is a party or by which it or any of its properties is bound. No Guarantor is in default under any other guaranty which it has provided to Lender.

(d) No Litigation. There are no actions, suits or proceedings at law or at equity, pending or, to each Guarantor's best knowledge, threatened against or affecting a Guarantor or which involve or might involve the validity or enforceability of this Guaranty or which might materially adversely affect the financial condition of a Guarantor or the ability of a Guarantor to perform any of its obligations under this Guaranty. No Guarantor is in default beyond any applicable grace or cure period with respect to any order, writ, injunction, decree or demand of any Governmental Authority which might materially

adversely affect the financial condition of such Guarantor or the ability of such Guarantor to perform any of its obligations under this Guaranty.

(e) Consents. To Guarantors' knowledge, all consents, approvals, orders or authorizations of, or registrations, declarations or filings with, all Governmental Authorities (collectively, the "Consents") that are required in connection with the valid execution, delivery and performance by Guarantors of this Guaranty have been obtained and each Guarantor agrees that all Consents required in connection with the carrying out or performance of any of such Guarantor's obligations under this Guaranty will be obtained when required.

(f) Financial Statements and Other Information. All financial statements of Guarantors heretofore delivered to Lender are true and correct in all material respects and fairly present the financial condition of Guarantors as of the respective dates thereof, and no materially adverse change has occurred in the financial conditions reflected therein since the respective dates thereof. None of the aforesaid financial statements or any certificate or statement furnished to Lender by or on behalf of a Guarantor in connection with the transactions contemplated hereby, and none of the representations and warranties in this Guaranty contains any untrue statement of a material fact or omits to state a material fact necessary in order to make the statements contained therein or herein not misleading. No Guarantor is insolvent within the meaning of the United States Bankruptcy Code or any other applicable law, code or regulation and the execution, delivery and performance of this Guaranty will not render any Guarantor insolvent.

(g) Consideration. Each Guarantor is the owner, directly or indirectly, of certain legal and beneficial equity interests in Borrower.

4. Financial Statements. Guarantors shall deliver to Lender, (a)(i) for NSP, within 120 days after the end of each fiscal year, a complete copy of NSP's annual financial statements, which shall be consolidated to include NSP OP, audited by a "big four" accounting firm or another independent certified public accountant reasonably acceptable to Lender, (ii) within 50 days after the end of each fiscal quarter of such Guarantor, financial statements (including a balance sheet as of the end of such fiscal quarter and a statement of income and expense for such fiscal quarter) certified by the chief financial officer of such Guarantor and in form, content, level of detail and scope reasonably satisfactory to Lender, (b)(i) for Additional Guarantor, within 120 days after the end of each fiscal year, a complete copy of Additional Guarantor's annual financial statements, audited by a "big four" accounting firm or another independent certified public accountant reasonably acceptable to Lender, (ii) within 50 days after the end of each fiscal quarter of such Guarantor, financial statements (including a balance sheet as of the end of such fiscal quarter and a statement of income and expense for such fiscal quarter) certified by the chief financial officer of such Guarantor and in form, content, level of detail and scope reasonably satisfactory to Lender, and (c) 20 days after written request by Lender, such other financial information with respect to each Guarantor as Lender may reasonably request using the forms and content used by Guarantor in the ordinary course of business.

5. Unconditional Character of Obligations of Guarantors.

(a) The obligations of Guarantors hereunder shall be irrevocable, absolute and unconditional, irrespective of the validity, regularity or enforceability, in whole or in part,

of the other Loan Documents or any provision thereof, or the absence of any action to enforce the same, any waiver or consent with respect to any provision thereof, the recovery of any judgment against Borrower, a Guarantor or any other Person or any action to enforce the same, any failure or delay in the enforcement of the obligations of Borrower under the other Loan Documents or Guarantors under this Guaranty, or any setoff, counterclaim, and irrespective of any other circumstances which might otherwise limit recourse against a Guarantor by Lender or constitute a legal or equitable discharge or defense of a guarantor or surety except the actual payment or other discharge of the Guaranteed Obligations. Lender may enforce the obligations of any Guarantor under this Guaranty by a proceeding at law, in equity or otherwise, independent of any loan foreclosure or similar proceeding or any deficiency action against Borrower or any other Person at any time, either before or after an action against the Property or any part thereof, Borrower or any other Person. **This Guaranty is a guaranty of payment and performance and not merely a guaranty of collection.** Each Guarantor waives diligence, notice of acceptance of this Guaranty, filing of claims with any court, any proceeding to enforce any provision of any other Loan Document, against such Guarantor, Borrower or any other Person, any right to require a proceeding first against Borrower or any other Person, or to exhaust any security (including, without limitation, the Property) for the performance of the Guaranteed Obligations or any other obligations of Borrower or any other Person, or any protest, presentment, notice of default or other notice or demand whatsoever (except to the extent expressly provided to the contrary in this Guaranty).

(b) The obligations of Guarantors under this Guaranty, and the rights of Lender to enforce the same by proceedings, whether by action at law, suit in equity or otherwise, shall not be in any way affected by any of the following:

(i) any insolvency, bankruptcy, liquidation, reorganization, readjustment, composition, dissolution, receivership, conservatorship, winding up or other similar proceeding involving or affecting Borrower, the Property or any part thereof, a Guarantor or any other Person;

(ii) any failure by Lender or any other Person, whether or not without fault on its part, to perform or comply with any of the terms of the Loan Agreement, or any other Loan Documents, or any document or instrument relating thereto;

(iii) the sale, transfer or conveyance of the Property or any interest therein to any Person, whether now or hereafter having or acquiring an interest in the Property or any interest therein and whether or not pursuant to any foreclosure, trustee sale or similar proceeding against Borrower or the Property or any interest therein;

(iv) the conveyance to Lender, any Affiliate of Lender or Lender's nominee of the Property or any interest therein by a deed-in-lieu of foreclosure;

(v) the release of Borrower or any other Person from the performance or observance of any of the agreements, covenants, terms or conditions contained in any of the Loan Documents by operation of law or otherwise; or

(vi) the release in whole or in part of any collateral for any or all

Guaranteed Obligations or for the Loan or any portion thereof.

(c) Except as otherwise specifically provided in this Guaranty, each Guarantor hereby expressly and irrevocably waives all defenses in an action brought by Lender to enforce this Guaranty based on claims of waiver, release, surrender, alteration or compromise and all setoffs, reductions, or impairments, whether arising hereunder or otherwise.

(d) Lender may deal with Borrower and Affiliates of Borrower in the same manner and as freely as if this Guaranty did not exist and shall be entitled, among other things, to grant Borrower or any other Person such extension or extensions of time to perform any act or acts as may be deemed advisable by Lender, at any time and from time to time, without terminating, affecting or impairing the validity of this Guaranty or the obligations of Guarantors hereunder.

(e) No compromise, alteration, amendment, modification, extension, renewal, release or other change of, or waiver, consent, delay, omission, failure to act or other action with respect to, any liability or obligation under or with respect to, or of any of the terms, covenants or conditions of, the Loan Documents shall in any way alter, impair or affect any of the obligations of Guarantors hereunder, and Guarantors agree that if any Loan Documents are modified with Lender's consent, the Guaranteed Obligations shall automatically be deemed modified to include such modifications.

(f) Lender may proceed to protect and enforce any or all of its rights under this Guaranty by suit in equity or action at law, whether for the specific performance of any covenants or agreements contained in this Guaranty or otherwise, or to take any action authorized or permitted under applicable law, and shall be entitled to require and enforce the performance of all acts and things required to be performed hereunder by Guarantors. Each and every remedy of Lender shall, to the extent permitted by law, be cumulative and shall be in addition to any other remedy given hereunder or now or hereafter existing at law or in equity.

(g) No waiver shall be deemed to have been made by Lender of any rights hereunder unless the same shall be in writing and signed by Lender, and any such waiver shall be a waiver only with respect to the specific matter involved and shall in no way impair the rights of Lender or the obligations of Guarantors to Lender in any other respect or at any other time.

(h) At the option of Lender, any Guarantor may be joined in any action or proceeding commenced by Lender against Borrower in connection with or based upon any other Loan Documents and recovery may be had against any Guarantor in such action or proceeding or in any independent action or proceeding against such Guarantor to the extent

of such Guarantor's liability hereunder, without any requirement that Lender first assert, prosecute or exhaust any remedy or claim against Borrower or any other Person, or any security for the obligations of Borrower or any other Person.

(i) Guarantors agree that this Guaranty shall continue to be effective or shall be reinstated, as the case may be, if at any time any payment is made by Borrower or a Guarantor to Lender and such payment is rescinded or must otherwise be returned by Lender (as determined by Lender in its sole and absolute discretion) upon insolvency, bankruptcy, liquidation, reorganization, readjustment, composition, dissolution, receivership, conservatorship, winding up or other similar proceeding involving or affecting Borrower or a Guarantor, all as though such payment had not been made.

(j) In the event that any Guarantor shall advance or become obligated to pay any sums under this Guaranty or in connection with the Guaranteed Obligations or in the event that for any reason whatsoever Borrower or any subsequent owner of the Property or any part thereof is now, or shall hereafter become, indebted to a Guarantor, such Guarantor agrees that (i) the amount of such sums and of such indebtedness and all interest thereon shall at all times be subordinate as to lien, the time of payment and in all other respects to all sums, including Principal and interest and other amounts, at any time owed to Lender under the Loan Documents, and (ii) such Guarantor shall not be entitled to enforce or receive payment thereof until all Principal, interest and other sums due pursuant to the Loan Documents have been paid in full. Nothing herein contained is intended or shall be construed to give any Guarantor any right of subrogation in or under the Loan Documents or any right to participate in any way therein, or in the right, title or interest of Lender in or to any collateral for the Loan, notwithstanding any payments made by a Guarantor under this Guaranty, until the actual and irrevocable receipt by Lender of payment in full of all Principal, interest and other sums due with respect to the Loan or otherwise payable under the Loan Documents. If any amount shall be paid to a Guarantor on account of such subrogation rights at any time when any such sums due and owing to Lender shall not have been fully paid, such amount shall be paid by such Guarantor to Lender for credit and application against such sums due and owing to Lender.

(k) Guarantors' obligations hereunder shall survive a foreclosure, deed-in-lieu of foreclosure or similar proceeding involving the Property and the exercise by Lender of any or all of its remedies pursuant to the Loan Documents.

6. Covenants.

(a) As used in this Section 6, the following terms shall have the respective meanings set forth below:

(i) "GAAP" shall mean generally accepted accounting principles, consistently applied.

(ii) "Liquid Assets" shall mean assets in the form of cash, cash equivalents, obligations of (or fully guaranteed as to principal and interest by) the United States or any agency or instrumentality thereof (provided the full faith and

credit of the United States supports such obligation or guarantee), certificates of deposit issued by a commercial bank having net assets of not less than \$500 million, securities listed and traded on a recognized stock exchange or traded over the counter and listed in the National Association of Securities Dealers Automatic Quotations, or liquid debt instruments that have a readily ascertainable value and are regularly traded in a recognized financial market.

(iii)“Net Worth” shall mean, as of a given date, (x) the total assets of a Guarantor (exclusive of any interest in the Property or in any other asset that is part of the collateral for the Loan) as of such date less (y) such Guarantor’s total liabilities as of such date, determined in accordance with GAAP.

(b) Until all of the Guaranteed Obligations have been paid in full, Guarantor (i) shall collectively maintain (A) a Net Worth in excess of \$28,500,000 (the “Net Worth Threshold”) and (B) Liquid Assets having a market value of at least \$2,850,000 (the “Liquid Assets Threshold”) and (ii) shall not sell, pledge, mortgage or otherwise transfer any of its assets, or any interest therein, which would cause Guarantor’s Net Worth to fall below the Net Worth Threshold or Guarantor’s Liquid Assets to fall below the Liquid Assets Threshold.

(c) No Guarantor shall, at any time while a default in the payment of the Guaranteed Obligations has occurred and is continuing, either (i) enter into or effectuate any transaction with any Affiliate which would reduce the Net Worth of such Guarantor (including the payment of any dividend or distribution to a shareholder, or the redemption, retirement, purchase or other acquisition for consideration of any stock or interest in such Guarantor) or (ii) sell, pledge, mortgage or otherwise transfer to any Person any of such Guarantor’s assets, or any interest therein.

7. Entire Agreement/Amendments. This instrument represents the entire agreement between the parties with respect to the subject matter hereof. The terms of this Guaranty shall not be waived, altered, modified, amended, supplemented or terminated in any manner whatsoever except by written instrument signed by Lender and Guarantors.

8. Successors and Assigns. This Guaranty shall be binding upon each Guarantor, and such Guarantor’s estate, heirs, personal representatives, successors and assigns, may not be assigned or delegated by any Guarantor and shall inure to the benefit of Lender and its successors and assigns.

9. Governing Law.

(a) THIS GUARANTY WAS NEGOTIATED IN THE STATE OF NEW YORK AND THE PROCEEDS OF THE NOTE DELIVERED PURSUANT TO THE LOAN AGREEMENT WERE DISBURSED FROM THE STATE OF NEW YORK, WHICH STATE THE PARTIES AGREE HAS A SUBSTANTIAL RELATIONSHIP TO THE PARTIES AND TO THE UNDERLYING TRANSACTION EMBODIED HEREBY, AND IN ALL RESPECTS, INCLUDING MATTERS OF CONSTRUCTION, VALIDITY AND PERFORMANCE, THIS GUARANTY AND THE OBLIGATIONS

ARISING HEREUNDER SHALL BE GOVERNED BY, AND CONSTRUED IN ACCORDANCE WITH, THE LAWS OF THE STATE OF NEW YORK APPLICABLE TO CONTRACTS MADE AND PERFORMED IN SUCH STATE AND ANY APPLICABLE LAW OF THE UNITED STATES OF AMERICA. TO THE FULLEST EXTENT PERMITTED BY LAW, EACH GUARANTOR HEREBY UNCONDITIONALLY AND IRREVOCABLY WAIVES ANY CLAIM TO ASSERT THAT THE LAW OF ANY OTHER JURISDICTION GOVERNS THIS GUARANTY AND THE NOTE, AND THIS GUARANTY AND THE NOTE SHALL BE GOVERNED BY AND CONSTRUED IN ACCORDANCE WITH THE LAWS OF THE STATE OF NEW YORK PURSUANT TO § 5-1401 OF THE NEW YORK GENERAL OBLIGATIONS LAW.

(b) ANY LEGAL SUIT, ACTION OR PROCEEDING AGAINST LENDER OR ANY GUARANTOR ARISING OUT OF OR RELATING TO THIS GUARANTY SHALL BE INSTITUTED IN ANY FEDERAL OR STATE COURT IN NEW YORK COUNTY, NEW YORK AND EACH GUARANTOR WAIVES ANY OBJECTION WHICH IT MAY NOW OR HEREAFTER HAVE TO THE LAYING OF VENUE OF ANY SUCH SUIT, ACTION OR PROCEEDING, AND EACH GUARANTOR HEREBY IRREVOCABLY SUBMITS TO THE JURISDICTION OF ANY SUCH COURT IN ANY SUIT, ACTION OR PROCEEDING. EACH GUARANTOR DOES HEREBY DESIGNATE AND APPOINT **HAN-HSIEN TUAN AT ONE ROCKEFELLER CENTER, 10TH FLOOR, NEW YORK, NEW YORK 10020**, AS ITS AUTHORIZED AGENT TO ACCEPT AND ACKNOWLEDGE ON ITS BEHALF SERVICE OF ANY AND ALL PROCESS WHICH MAY BE SERVED IN ANY SUCH SUIT, ACTION OR PROCEEDING IN ANY FEDERAL OR STATE COURT IN NEW YORK, NEW YORK, AND AGREES THAT SERVICE OF PROCESS UPON SAID AGENT AT SAID ADDRESS AND WRITTEN NOTICE OF SAID SERVICE OF SUCH GUARANTOR MAILED OR DELIVERED TO EACH SUCH GUARANTOR IN THE MANNER PROVIDED HEREIN SHALL BE DEEMED IN EVERY RESPECT EFFECTIVE SERVICE OF PROCESS UPON EACH SUCH GUARANTOR (UNLESS LOCAL LAW REQUIRES ANOTHER METHOD OF SERVICE), IN ANY SUCH SUIT, ACTION OR PROCEEDING IN THE STATE OF NEW YORK. EACH GUARANTOR (i) SHALL GIVE PROMPT NOTICE TO LENDER OF ANY CHANGED ADDRESS OF ITS AUTHORIZED AGENT HEREUNDER, (ii) MAY AT ANY TIME AND FROM TIME TO TIME DESIGNATE A SUBSTITUTE AUTHORIZED AGENT WITH AN OFFICE IN NEW YORK, NEW YORK (WHICH OFFICE SHALL BE DESIGNATED AS THE ADDRESS FOR SERVICE OF PROCESS), AND (iii) SHALL PROMPTLY DESIGNATE SUCH A SUBSTITUTE IF ITS AUTHORIZED AGENT CEASES TO HAVE AN OFFICE IN NEW YORK, NEW YORK OR IS DISSOLVED WITHOUT LEAVING A SUCCESSOR. NOTWITHSTANDING THE FOREGOING, LENDER SHALL HAVE THE RIGHT TO INSTITUTE ANY LEGAL SUIT, ACTION OR PROCEEDING FOR THE ENFORCEMENT OR FORECLOSURE OF ANY LIEN ON ANY COLLATERAL FOR THE LOAN IN ANY FEDERAL OR STATE COURT IN ANY JURISDICTION(S) THAT LENDER MAY ELECT IN ITS SOLE AND ABSOLUTE DISCRETION, AND EACH GUARANTOR WAIVES ANY OBJECTION WHICH IT MAY NOW OR HEREAFTER HAVE TO THE LAYING OF VENUE OF ANY SUCH SUIT, ACTION OR PROCEEDING, AND EACH GUARANTOR HEREBY

IRREVOCABLY SUBMITS TO THE JURISDICTION OF ANY SUCH COURT IN ANY SUIT, ACTION OR PROCEEDING.

10.Section Headings. The headings of the sections and paragraphs of this Guaranty have been inserted for convenience of reference only and shall in no way define, modify, limit or amplify any of the terms or provisions hereof.

11.Severability. Any provision of this Guaranty which may be determined by any competent authority to be prohibited or unenforceable in any jurisdiction shall, as to such jurisdiction, be ineffective to the extent of such prohibition or unenforceability without invalidating the remaining provisions hereof, and any such prohibition or unenforceability in any jurisdiction shall not invalidate or render unenforceable such provision in any other jurisdiction. To the extent permitted by applicable law, each Guarantor hereby waives any provision of law which renders any provision hereof prohibited or unenforceable in any respect.

12.WAIVER OF TRIAL BY JURY. EACH GUARANTOR HEREBY WAIVES THE RIGHT OF TRIAL BY JURY IN ANY LITIGATION, ACTION OR PROCEEDING ARISING HEREUNDER OR IN CONNECTION THEREWITH.

13.Other Guaranties. The obligations of each Guarantor hereunder are separate and distinct from, and in addition to, the obligations of such Guarantor now or hereafter arising under any other guaranties, indemnification agreements or other agreements to which such Guarantor is now or hereafter becomes a party. In no event shall any Guarantor be entitled to any credit against amounts due under this Guaranty by reason of amounts paid to Lender by Guarantors (or any of them) or any other person under or by reason of the other guaranties, indemnification agreements or other agreements to which Guarantors (or any of them) are now or hereafter become a party.

14.Notices. All notices, consents, approvals and requests required or permitted hereunder (a "Notice") shall be given in writing and shall be effective for all purposes if either hand delivered with receipt acknowledged, or by a nationally recognized overnight delivery service (such as Federal Express), or by certified or registered United States mail, return receipt requested, postage prepaid, or by facsimile and confirmed by facsimile answer back, in each case addressed as follows (or to such other address or Person as a party shall designate from time to time by notice to the other party): If to Lender: c/o Trimont LLC, 550 S. Tryon Street, Suite 2400, Charlotte, North Carolina 28202; if to Guarantor: c/o NexPoint Real Estate Advisors, 300 Crescent Court, Suite 700, Dallas, Texas 75201, Attention: Brian Mitts, Telecopier: 972.628.4147, with a copy to: Wick Phillips Gould & Martin LLP, 3131 McKinney Avenue, Suite 500, Dallas, Texas 75204, Attention: Ryan Goins, Esq., Telecopier: 214.692.6255. A notice shall be deemed to have been given: in the case of hand delivery, at the time of delivery; in the case of registered or certified mail, when delivered or the first attempted delivery on a Business Day; or in the case of overnight delivery, upon the first attempted delivery on a Business Day.

15.Guarantor's Receipt of Loan Documents. Each Guarantor by its execution hereof acknowledges receipt of true copies of all of the Loan Documents, the terms and conditions of which are hereby incorporated herein by reference.

16. Interest; Expenses.

(a) If Guarantors fail to pay all or any sums due hereunder upon demand by
Amended and Restated Guaranty of Recourse Obligations – Page

Lender, the amount of such sums payable by Guarantors to Lender shall bear interest from the date of demand until paid at the Default Rate in effect from time to time.

(b) Each Guarantor hereby agrees to pay all costs, charges and expenses, including reasonable attorneys' fees and disbursements, that may be incurred by Lender in enforcing the covenants, agreements, obligations and liabilities of Guarantors under this Guaranty.

17. Joint and Several Obligations. Each Guarantor shall have joint and several liability for the obligations of Guarantors hereunder.

18. Counterparts. This Guaranty may be executed in any number of counterparts, each of which when so executed and delivered shall be an original, but all of which shall together constitute one and the same instrument.

19. Amendment and Restatement; Reaffirmation.

(a) This Guaranty amends, restates and supersedes the Original Guaranty in its entirety. Without in any way limiting the provisions of this Guaranty, it is expressly understood and agreed by Guarantors that, with respect to any obligations or liabilities of Guarantors that may have accrued under the Original Guaranty (collectively, the "Existing Obligations"), (i) this Guaranty (including, without limitation, the terms of Section 19(c) below) is in no way intended to release, cancel, terminate, or otherwise impair all or any part of the Existing Obligations or Original Guarantors' liability therefore and (ii) to the extent that there exist any Existing Obligations, (x) this Guaranty, among other things, merely re-evidences such Existing Obligations and (y) this Guaranty is given in substitution for, and not in satisfaction of, the Original Guaranty and is in no way intended to constitute a novation of the Existing Obligations as evidenced by the Original Guaranty.

(b) Guarantors hereby reaffirm all of the obligations under the Original Guaranty, as the same may be amended and restated by this Guaranty. Guarantors hereby acknowledge and agree that (i) as of the Execution Date, neither Borrower nor Guarantors have any right of claim, offset, set-off, counter-claim or other defense to the performance of its obligations under, or against enforcement of, the Original Guaranty or this Guaranty or the other Loan Documents in accordance with each of their respective terms and (ii) Lender is not in default of any of the obligations of Lender under the Loan Documents.

[Remainder of Page Intentionally Left Blank; Signature Pages Follow]

IN WITNESS WHEREOF, each Guarantor has executed this Guaranty on the Execution Date to be effective as of the Effective Date.

GUARANTOR:

NEXPOINT STORAGE PARTNERS, INC.,
a Maryland corporation

By: /s/ Matt McGraner
Name: Matt McGraner
Title: Authorized Signatory

NEXPOINTSTORAGEPARTNERS OPERATING COMPANY, LLC,
a Delaware limited liability company

By: /s/ Matt McGraner
Name: Matt McGraner
Title: Authorized Signatory

**NEXPOINT DIVERSIFIED REAL ESTATE
TRUST**, a Delaware statutory trust

By: /s/ Matt McGraner
Name: Matt McGraner
Title: Authorized Signatory

LOAN AGREEMENT

for a loan in the amount of

\$39,390,000.00

MADE BY AND BETWEEN

**NHT BRADENTON, LLC NHT PARK
CITY, LLC
NHT BRADENTON TRS, LLC NHT PARK CITY
TRS, LLC,
each a Delaware limited liability company 300 Crescent
Court, Suite 700
Dallas, TX 75201 as Borrower**

AND

**THE OHIO STATE LIFE INSURANCE COMPANY,
300 Crescent Court, Suite 700
Dallas, Texas 75201, as Lender**

Dated as of February 12, 2026

TABLE OF CONTENTS

ARTICLE I INCORPORATION OF RECITALS AND EXHIBITS 1

- 1.1** INCORPORATION OF RECITALS. 1
- 1.2** INCORPORATION OF EXHIBITS. 1

ARTICLE II DEFINITIONS 1

- 2.1** DEFINED TERMS. 1
- 2.2** OTHER DEFINITIONAL PROVISIONS. 8

ARTICLE III BORROWER'S REPRESENTATIONS AND WARRANTIES 8

- 3.1** REPRESENTATIONS AND WARRANTIES. 8
- 3.2** SURVIVAL OF REPRESENTATIONS AND WARRANTIES. 10

ARTICLE IV LOAN AND LOAN DOCUMENTS 11

- 4.1** AGREEMENT TO BORROW AND LEND; LENDER'S OBLIGATION TO DISBURSE. 11
- 4.2** LOAN DOCUMENTS. 11
- 4.3** TERM OF THE LOAN. 12
- 4.4** PREPAYMENTS. 12
- 4.5** REQUIRED PRINCIPAL PAYMENTS. 13
- 4.6** LATE CHARGE. 13
- 4.7** EXIT FEE. 13

ARTICLE V INTEREST 14

- 5.1** INTEREST RATE. 14
- 5.2** PAYMENT DATES. 14
- 5.3** MAXIMUM LAWFUL RATE. 14

ARTICLE VI COSTS OF MAINTAINING LOAN 14

- 6.1** INCREASED COSTS AND CAPITAL ADEQUACY. 15
- 6.2** BORROWER WITHHOLDING. 15

ARTICLE VII LOAN EXPENSE AND ADVANCES 16

- 7.1** LOAN AND ADMINISTRATION EXPENSES. 16
- 7.2** LENDER'S ATTORNEYS' FEES AND DISBURSEMENTS. 16
- 7.3** TIME OF PAYMENT OF FEES AND EXPENSES. 16
- 7.4** EXPENSES AND ADVANCES SECURED BY LOAN DOCUMENTS. 17
- 7.5** RIGHT OF LENDER TO MAKE ADVANCES TO CURE BORROWER'S DEFAULTS. 17
- 7.6** ORIGATION FEE. 17

ARTICLE VIII REQUIREMENTS PRECEDENT TO THE OPENING OF THE LOAN 17

- 8.1** CONDITIONS PRECEDENT. 17

ARTICLE IX OTHER COVENANTS 19

- 9.1** BORROWER FURTHER COVENANTS AND AGREES AS FOLLOWS: 19
- 9.2** AUTHORIZED REPRESENTATIVE. 23

ARTICLE X CASUALTIES AND CONDEMNATION 23

- 10.1** LENDER'S ELECTION TO APPLY PROCEEDS ON INDEBTEDNESS. 24
- 10.2** BORROWER'S OBLIGATION TO REBUILD AND USE OF PROCEEDS THEREFOR. 24

ARTICLE XI ASSIGNMENTS BY LENDER AND BORROWER 24

- 11.1** ASSIGNMENTS AND PARTICIPATIONS. 24
- 11.2** PROHIBITION OF ASSIGNMENTS AND TRANSFERS BY BORROWER. 25
- 11.3** PROHIBITION OF TRANSFERS IN VIOLATION OF ERISA. 25
- 11.4** SUCCESSORS AND ASSIGNS. 25

ARTICLE XII	TIME OF THE ESSENCE	25
12.1	TIME IS OF THE ESSENCE.	25
ARTICLE XIII	EVENTS OF DEFAULT	26
13.1	EVENTS OF DEFAULT.	26
ARTICLE XIV	LENDER’S REMEDIES IN EVENT OF DEFAULT	27
14.1	REMEDIES CONFERRED UPON LENDER.	27
ARTICLE XV	GENERAL PROVISIONS	28
15.1	CAPTIONS.	28
15.2	MODIFICATION; WAIVER.	28
15.3	GOVERNING LAW.	28
15.4	ACQUIESCENCE NOT TO CONSTITUTE WAIVER OF LENDER’S REQUIREMENTS.	29
15.5	DISCLAIMER BY LENDER.	29
15.6	PARTIAL INVALIDITY; SEVERABILITY.	29
15.7	DEFINITIONS INCLUDE AMENDMENTS.	29
15.8	EXECUTION IN COUNTERPARTS.	30
15.9	ENTIRE AGREEMENT.	30
15.10	WAIVER OF DAMAGES.	30
15.11	CLAIMS AGAINST LENDER.	30
15.12	MARSHALLING OF ASSETS; JURISDICTION.	30
15.13	SET-OFFS.	31
15.14	LENDER’S CONSENT.	31
15.15	NOTICES.	31
15.16	WAIVER OF JURY TRIAL.	32
15.17	NO ORAL AGREEMENTS.	32

EXHIBITS TO LOAN AGREEMENT

Exhibit A	Legal Description of Land
Exhibit B	Insurance Requirements
Exhibit C	Compliance Certificate
Exhibit D	Allocated Loan Amounts

LOAN AGREEMENT

THIS LOAN AGREEMENT (“Agreement”) is made as of February 12, 2026 (the “Effective Date”), by and between **NHT BRADENTON, LLC**, a Delaware limited liability company (“Bradenton Property Owner”), **NHT PARK CITY, LLC**, a Delaware limited liability company (“Park City Property Owner”), **NHT BRADENTON TRS, LLC**, a Delaware limited liability company (“Bradenton Operating Lessee”), **NHT PARK CITY TRS, LLC**, a Delaware limited liability company (“Park City Operating Lessee”; together with Bradenton Property Owner, Park City Property Owner, and Bradenton Operating Lessee, jointly and severally, the “Borrower”), and **THE OHIO STATE LIFE INSURANCE COMPANY**, its successors and assigns (“Lender”).

RECITALS

WHEREAS, Bradenton Property Owner is the owner in fee simple of certain real property located in Manatee County, Florida and legally described on Exhibit A-1 attached hereto (the “Bradenton Land”).

WHEREAS, Park City Property Owner is the owner in fee simple of certain real property located in Summit County, Utah and legally described on Exhibit A-2 attached hereto (the “Park City Land”; together with the Bradenton Land, the “Land”).

WHEREAS, Borrower has applied to Lender for a loan in the amount of up to THIRTY-NINE MILLION THREE HUNDRED NINETY THOUSAND AND NO/100 DOLLARS (\$39,390,000.00) (the “Loan”), to pay in full that certain existing loan secured by the Project (as defined below), in the current principal amount of \$38,579,557.23 made by AREEIF Lender MS LLC, a Delaware limited liability company, as lender, to Borrower (the “Existing Indebtedness”), and Lender is willing to make the Loan on the terms and conditions hereinafter set forth.

NOW, THEREFORE, in consideration of the mutual covenants and agreements herein contained, the parties hereto agree as follows:

ARTICLE I INCORPORATION OF RECITALS AND EXHIBITS

1.1 Incorporation of Recitals.

The foregoing preambles and all other recitals set forth herein are made a part hereof by this reference.

1.2 Incorporation of Exhibits.

Exhibits A through D to this Agreement, attached hereto, are incorporated in this Agreement and expressly made a part hereof by this reference.

ARTICLE II DEFINITIONS

2.1 Defined Terms.

The following terms as used herein shall have the following meanings:

Affiliate: With respect to a specified person or entity, any individual, partnership, corporation, limited liability company, trust, unincorporated organization, association or other entity which, directly or indirectly, through one or more intermediaries, Controls or is Controlled by or is under common control with such person or entity, including, without limitation, any general or limited partnership in which such person or entity is a partner.

Agreement: As such term is defined in the Preamble.

Allocated Loan Amount: As to a Project, the amount set forth opposite such Property on Exhibit D attached hereto.

Applicable Rate: 8.50% per annum.

Appraisal: An MAI certified appraisal of the Project performed in accordance with FIRREA and Lender's appraisal requirements by an appraiser selected and retained by Lender.

Authorized Representative: The person appointed as the Authorized Representative pursuant to Section 9.2.

Bankruptcy Code: Title 11 of the United States Code entitled "Bankruptcy" as now or hereafter in effect, or any successor thereto or any other present or future bankruptcy or insolvency statute.

Borrower: As such term is defined in the Preamble.

Bradenton Franchise Agreement: That certain Franchise Agreement dated February 22, 2022 by and between Bradenton Franchisor and Bradenton Operating Lessee.

Bradenton Franchisor: Hilton Franchise Holding LLC, a Delaware limited liability company.

Bradenton Land: As such term is defined in the Preamble.

Bradenton Management Agreement: Property Management Agreement dated October 22, 2025 by and between Bradenton Operating Lessee and Manager.

Bradenton Operating Lessee: As such term is defined in the Preamble.

Bradenton Project: The collective reference to (i) the Bradenton Land, together with all buildings, structures and improvements located or to be located thereon, including the Inn Improvements, (ii) all rights, privileges, easements and hereditaments relating or appertaining thereto, and (iii) all personal property, fixtures and equipment required or beneficial for the operation thereof.

Bradenton Property Owner: As such term is defined in the Preamble.

Business Day: A day of the year on which banks are not required or authorized to close in Dallas, Texas.

Compliance Certificate: As such term is defined in Section 9.1(m).

Control: As such term is used with respect to any person or entity, including the correlative meanings of the terms "controlled by" and "under common control with", shall mean the possession, directly or indirectly, of the power to direct or cause the direction of the management policies of such person or entity, whether through the ownership of voting securities, by contract or otherwise (it being

acknowledged that a Person shall not be deemed to lack Control of another Person even though certain decisions may be subject to “major decision” consent, veto rights or major approval rights of limited partners, general partners, shareholders or members, or representatives or advisory bodies of the foregoing, as applicable).

Debt Service Coverage Ratio: With respect to a particular period, the ratio of (a) Net Operating Income of a Project for the twelve (12) months consecutive calendar months ended on the last date of such period, to (b) the Total Debt Service for such period, annualized.

Default or default: Any event, circumstance or condition, which, if it were to continue uncured, would, with notice or lapse of time or both, constitute an Event of Default hereunder.

Default Rate: A rate per annum equal to the Applicable Rate plus 5.00%.

Effective Date: As such term is defined in the Preamble.

Environmental Indemnity: An environmental indemnity from the Borrower, jointly and severally, indemnifying Lender with regard to all matters related to Hazardous Material and other environmental matters as provided therein.

Environmental Proceedings: Any environmental proceedings, whether civil (including actions by private parties), criminal, or administrative proceedings, relating to the Project.

ERISA: The Employee Retirement Income Security Act of 1974, as amended, and the regulations promulgated thereunder from time to time.

Event of Default: As such term is defined in Article 13.

Existing Indebtedness: As such term is defined in the Preamble.

Exit Fee: As such term is defined in Section 4.7.

Extension Fee: An amount equal to one-half of one percent (0.50%) of the outstanding principal balance of the Loan.

FIRREA: The Financial Institutions Reform, Recovery And Enforcement Act of 1989, as amended from time to time.

Franchise Agreement: Collectively, (i) Bradenton Franchise Agreement, and (ii) Park City Franchise Agreement.

Franchisor: Collectively, (i) Bradenton Franchisor, and (ii) Park City Franchisor.

First Extended Maturity Date: February 12, 2030.

First Extension Option: As such term is defined in Section 4.3.

Governmental Authority: Any federal, state, county or municipal government, or political subdivision thereof, any governmental or quasi-governmental agency, authority, board, bureau, commission, department, instrumentality, or public body, or any court, administrative tribunal, or public utility.

Gross Revenues: For any period, all revenues of Borrower, determined on a cash basis, derived from the ownership, operation, use and occupancy of a Project during such period; provided, however, that in no event shall Gross Revenues include (i) any loan proceeds, (ii) proceeds or payments under insurance policies (except proceeds of business interruption, rental loss or use and occupancy insurance); (iii) condemnation proceeds; (iv) any other extraordinary non-recurring items, in Lender's reasonable discretion.

Guarantor: NexPoint Real Estate Diversified Real Estate Operating Partnership, L.P., a Delaware limited partnership.

Hazardous Material: Means and includes gasoline, petroleum, asbestos containing materials, explosives, radioactive materials or any hazardous or toxic material, substance or waste which is defined by those or similar terms or is regulated as such under any Law of any Governmental Authority having jurisdiction over the Project or any portion thereof or its use, including: (i) any "hazardous substance" defined as such in (or for purposes of) the Comprehensive Environmental Response, Compensation and Liability Act, 42 U.S.C.A. § 9601(14) as may be amended from time to time, or any so-called "superfund" or "superlien" Law, including the judicial interpretation thereof; (ii) any "pollutant or contaminant" as defined in 42 U.S.C.A. § 9601(33); (iii) any material now defined as "hazardous waste" pursuant to 40 C.F.R. Part 260; (iv) any petroleum, including crude oil or any fraction thereof; (v) natural gas, natural gas liquids, liquefied natural gas, or synthetic gas usable for fuel; (vi) any "hazardous chemical" as defined pursuant to 29 C.F.R. Part 1910; and (vii) any other toxic substance or contaminant that is subject to any other Law or other past or present requirement of any Governmental Authority. Any reference above to a Law, includes the same as it may be amended from time to time, including the judicial interpretation thereof.

Improvements: The improvements located on the Land from time to time.

Including or including: Including but not limited to.

Initial Maturity Date: February 12, 2029.

Internal Revenue Code: The Internal Revenue Code of 1986, as amended from time to time.

Land: As defined in the Recitals.

Late Charge: As such term is defined in Section 4.6.

Laws: Collectively, all federal, state and local laws, statutes, codes, ordinances, orders, rules and regulations, including judicial opinions or precedential authority in the applicable jurisdiction.

Leases: The collective reference to all leases, subleases and occupancy agreements affecting the Project or any part thereof now existing or hereafter executed and all amendments, modifications or supplements thereto.

Lender: As defined in the opening paragraph of this Agreement, and including any successor holder of the Loan from time to time.

Liquor Lease: That certain Lease and Concession Agreement dated February 15, 2022 by and between Bradenton Operating Lessee and Aimbridge Hospitality, LLC, a Delaware limited liability company.

Loan: As defined in the Recitals.

Loan Amount: The maximum amount of the Loan as set forth in Section 4.1(a) as reduced by principal payments made from time to time.

Loan Documents: The collective reference to this Agreement, the documents and instruments listed in Section 4.2, the documents entered into in connection with the Loan and Loan Agreement (as amended from time to time) and all the other documents and instruments entered into from time to time, evidencing or securing the Loan or any obligation of payment thereof or performance of Borrower's obligations in connection with the transaction contemplated hereunder, each as amended.

Loan Opening Date: The date of the disbursement of proceeds of the Loan.

Loan-to-Value: The fraction, expressed as a percentage, the numerator of which is the original principal amount of the Loan and the denominator of which is the "as is" value of the Project as set forth in the Appraisal.

Manager: Dreamscape Hospitality Management, LLC, a Delaware limited liability company.

Management Agreement: The collective reference to the Bradenton Management Agreement and the Park City Management Agreement.

Material Adverse Change or material adverse change: If, in Lender's sole but reasonable discretion, the business prospects, operations or financial condition of a person, entity or property has changed in a manner which could reasonably be expected to impair the value of Lender's security for the Loan, prevent timely repayment of the Loan or otherwise prevent the applicable person or entity from timely performing any of its material obligations under the Loan Documents.

Maturity Date: The Initial Maturity Date, provided, if Borrower timely satisfies the conditions to extend the term of the Loan pursuant to Section 4.3(a) or Section 4.3(b), then the Maturity Date shall be extended to the First Extended Maturity Date or Second Extended Maturity Date, as applicable.

Maximum Lawful Rate: As such term is defined in Section 5.3.

Minimum Interest Amount: An amount equal to the difference between (x) \$3,348,150.00, less (y) all interest on the Loan paid to Lender immediately prior to such date.

Monthly Excess Cash Flow: For any month, the amount by which Gross Revenues exceed the sum of (a) Operating Expenses for such month and (b) actual debt service on the Loan due and payable for such month.

Mortgage: Collectively, (i) an amended and restated mortgage, assignment of rents, security agreement and fixture filing, executed by Bradenton Property Owner for the benefit of Lender securing this Agreement, the Note, and all obligations of Borrower in connection with the Loan, granting a first priority lien on Bradenton Property Owner's fee interest in the Bradenton Project, subject only to the Permitted Exceptions, and (ii) a deed of trust, assignment of lease and rents, security agreement and fixture filing, executed by Park City Property Owner for the benefit of Lender securing this Agreement, the Note, and all obligations of Borrower in connection with the Loan, granting a first priority lien on Park City Property Owner's fee interest in the Park City Project, subject only to the Permitted Exceptions.

Net Operating Income: For any period, Gross Revenues, less Operating Expenses for such period.

Non-Recourse Guaranty: That certain Guaranty Agreement dated as of the date hereof, made by Guarantor in favor of Lender, as the same may be amended, restated, replaced, supplemented or otherwise modified from time to time.

Note: An amended and restated promissory note of even date herewith, in the Loan Amount, executed by Borrower and payable to the order of Lender, evidencing the Loan.

NXDT: NexPoint Diversified Real Estate Trust, Inc., a Delaware corporation.

Open the Loan, Opening of the Loan or Loan Opening: The first disbursement of Loan proceeds, which will occur on the Effective Date.

Operating Expenses: For any period, the actual costs and expenses of owning, operating, managing and maintaining a Project during such period incurred by Borrower, determined on a cash basis (except for real and personal property taxes and insurance premiums, which shall be determined on an accrual basis), excepting, however, (i) interest or principal due on the Loan, (ii) permitted capital expenditures, (iii) any legal and other professional service fees and expenses unrelated to the operation of a Project, (iv) deductions for federal, state and other income taxes, (v) depreciation or amortization of capital expenditures (including leasing commissions, tenant improvements, and other leasing costs), (vi) non-recurring expenses and other extraordinary expenses reasonably not expected to be incurred on an annual basis and other similar non-cash items and (v) deposits made into reserves held by or for the benefit of Lender.

Operating Lease: Collectively, (i) that certain Hotel Lease, dated as of February 15, 2022 by and between Bradenton Property Owner and Bradenton Operating Lessee, and (ii) that certain Hotel Lease, dated as of February 15, 2022 by and between Park City Property Owner and Park City Operating Lessee, each as the same may be amended, modified or supplemented from time to time with Lender's approval

Operating Lessee: Collectively, (i) Bradenton Operating Lessee, and (ii) Park City Operating Lessee.

Park City Franchise Agreement: That certain Hyatt Place Hotel Franchise Agreement dated February 15, 2022 by and between Park City Franchisor and Park City Operating Lessee.

Park City Franchisor: Hyatt Place Franchising L.L.C., a Delaware limited liability company.

Park City Land: As such term is defined in the Preamble.

Park City Management Agreement: Property Management Agreement dated October 21, 2025 by and between Park City Operating Lessee and Manager.

Park City Operating Lessee: As such term is defined in the Preamble.

Park City Project: The collective reference to (i) the Park City Land, together with all buildings, structures and improvements located or to be located thereon, including the Inn Improvements, (ii) all rights, privileges, easements and hereditaments relating or appertaining thereto, and (iii) all personal property, fixtures and equipment required or beneficial for the operation thereof.

Park City Property Owner: As such term is defined in the Preamble.

Permitted Exceptions: Those matters listed on Schedule B to the Title Policy to which title to the Project may be subject at the Loan Opening and thereafter such other title exceptions as Lender may reasonably approve in writing.

Permitted Transfer: As such term is defined in Section 11.2.

PIP Reserve: As such term is defined in Section 4.8.

Project: The collective reference to (i) the Bradenton Project, and (ii) the Park City Project.

Property Owner: Collectively, (i) Bradenton Property Owner, and (ii) Park City Property Owner.

Proposed Release Tract: As such term is defined in Section 4.8.

Release Price: For any applicable Proposed Release Tract, the greater of (a) one hundred percent (100%) of the net proceeds received by Borrower (after deduction of reasonable and customary closing costs); or (b) the Allocated Loan Amount for such Proposed Release Tract.

Second Extended Maturity Date: February 12, 2031.

Second Extension Option: As such term is defined in Section 4.3.

Ski Shop Lease: That certain Lease Agreement dated as of June 1, 2024, by and between Bearcat Enterprises LLC, a Utah limited liability company, and Park City Operating Lessee.

State: The state in which the Land is located, as applicable.

Tenant: The tenant under a Lease.

Title Insurer: Republic Title of Texas, Inc.

Title Policy: Those certain ALTA Mortgagee's Loan Title Insurance Policy with extended coverage issued by the Title Insurer insuring the lien of the Mortgage as a valid first, prior and paramount lien upon the Project and all appurtenant easements, and subject to no other exceptions other than the Permitted Exceptions.

Total Debt Service: For any period of time, the aggregate of debt service payments for such period on the Allocated Loan Amount for a Project based on a 300 month amortization schedule, determined by Lender in its sole and absolute discretion and binding absent manifest error.

Transfer: Any sale, transfer, lease (other than the Operating Lease), conveyance, alienation, pledge, assignment, mortgage, encumbrance, hypothecation or other disposition of (a) all or any portion of the Project or any portion of any other security for the Loan, (b) all or any portion of Borrower's right, title, and interest (legal or equitable) in and to the Project or any portion of any other security for the Loan, or (c) any interest in Borrower or any interest in any entity which directly or indirectly holds an interest in, or directly or indirectly controls, Borrower.

2.2 Other Definitional Provisions.

All terms defined in this Agreement shall have the same meanings when used in the Note, Mortgage, any other Loan Documents, or any certificate or other document made or delivered pursuant hereto. The words “hereof”, “herein” and “hereunder” and words of similar import when used in this Agreement shall refer to this Agreement.

ARTICLE III BORROWER’S REPRESENTATIONS AND WARRANTIES

3.1 Representations and Warranties.

To induce Lender to execute this Agreement and perform its obligations hereunder, Borrower hereby represents and warrants to Lender as follows:

(a) Bradenton Property Owner has good and indefeasible fee simple title to the Bradenton Project, subject only to the Permitted Exceptions, and good and marketable title to all personal property related to the Bradenton Project. Park City Property Owner has good and indefeasible fee simple title to the Park City Project, subject only to the Permitted Exceptions, and good and marketable title to all personal property related to the Park City Project.

(b) Except as previously disclosed to Lender in writing, no litigation or proceedings are pending, or to Borrower’s actual knowledge threatened, against Borrower or Guarantor, which could reasonably be expected, if adversely determined, to cause a Material Adverse Change with respect to Borrower, Guarantor or the Project. There are no pending Environmental Proceedings and Borrower has no actual knowledge of any threatened Environmental Proceedings or any facts or circumstances which may give rise to any future Environmental Proceedings.

(c) Borrower is a duly organized and validly existing limited liability company and has full power and authority to execute, deliver and perform all Loan Documents to which Borrower is a party, and such execution, delivery and performance have been duly authorized by all requisite action on the part of Borrower.

(d) No consent, approval or authorization of or declaration, registration or filing with any Governmental Authority or nongovernmental person or entity, including any creditor, partner, or member of Borrower or Guarantor, is required in connection with the execution, delivery and performance of this Agreement or any of the Loan Documents that has not previously been given, other than the recordation of the Mortgage and the filing of a UCC-1 Financing Statement.

(e) The execution, delivery and performance of this Agreement, the execution and payment of the Note and the granting of the Mortgage and other security interests under the other Loan Documents have not constituted and will not constitute, upon the giving of notice or lapse of time or both, a breach or default under any other agreement to which Borrower or Guarantor is a party or may be bound or affected, or a violation of any Law or court order which may affect the Project, any part thereof, any interest therein, or the use thereof.

(f) There is no Default or Event of Default under this Agreement or any of the other Loan Documents.

(g) No (i) condemnation of any portion of the Project, (ii) condemnation or relocation of any roadways abutting the Project, or (iii) proceeding to deny access to the Project from any point or

planned point of access to the Project, has commenced or, to Borrower's actual knowledge, is contemplated by any Governmental Authority.

(h) To Borrower's actual knowledge, the use of the Project and the contemplated accessory uses will not violate (i) any Laws (including subdivision, zoning, building, environmental protection and wetland protection Laws), or (ii) any building permits, restrictions of record, or agreements affecting the Project or any part thereof. Neither the zoning authorizations, approvals or variances nor any other right to use the Project is to any extent dependent upon or related to any real estate other than the Land.

(i) The Project has adequate water, gas and electrical supply, storm and sanitary sewerage facilities, other required public utilities, fire and police protection, and means of access between the Project and public right-of-ways; none of the foregoing will be foreseeably delayed or impeded by virtue of any requirements under any applicable Laws.

(j) No brokerage fees or commissions are payable by or to any person in connection with this Agreement or the Loan to be disbursed hereunder.

(k) To the actual knowledge of the Borrower, all financial statements and other information previously furnished by Borrower or Guarantor to Lender in connection with the Loan are true, complete and correct in all material respects and fairly present the financial conditions of the subjects thereof as of the respective dates thereof and do not fail to state any material fact necessary to make such statements or information not misleading, and no Material Adverse Change with respect to Borrower or Guarantor has occurred since the respective dates of such statements and information. Neither Borrower nor Guarantor have any material liability, contingent or otherwise, not disclosed in such financial statements.

(l) Except as disclosed by Borrower to Lender, to Borrower's actual knowledge (i) the Project is in a clean, safe and healthful condition, and, except for materials used in the ordinary course of construction, maintenance and operation of the Project, is free of all Hazardous Material and is in compliance with all applicable Laws; (ii) neither Borrower nor, to Borrower's actual knowledge, any other person or entity, has ever caused or permitted any Hazardous Material to be placed, held, located or disposed of on, under, at or in a manner to affect the Project, or any part thereof, and the Project has never been used (whether by Borrower or, to Borrower's actual knowledge, by any other person or entity) for any activities involving, directly or indirectly, the use, generation, treatment, storage, transportation, or disposal of any Hazardous Material; (iii) neither the Project nor Borrower is subject to any existing, pending, or, to Borrower's actual knowledge, threatened investigation or inquiry by any Governmental Authority, and the Project is not subject to any remedial obligations under any applicable Laws pertaining to health or the environment; and (iv) there are no underground tanks, vessels, or similar facilities for the storage, containment or accumulation of Hazardous Materials of any sort on, under or affecting the Project.

(m) The Project is taxed separately without regard to any other property and for all purposes the Project may be mortgaged, conveyed and otherwise dealt with as an independent parcel.

(n) Except for the Operating Lease, Liquor Lease, and Ski Shop Lease, Borrower and its agents have not entered into any Leases, subleases or other arrangements for occupancy of space within the Project. True, correct and complete copies of all Leases, as amended, have been delivered to Lender. All Leases are in full force and effect. Neither Borrower nor any Tenant is in default under

any Lease and Borrower has disclosed to Lender in writing any material default by the Tenant under any Lease.

(o) The Loan is not being made for the purpose of purchasing or carrying “margin stock” within the meaning of Regulation T, U or X issued by the Board of Governors of the Federal Reserve System.

(p) Borrower is not a party in interest to any plan defined or regulated under ERISA, and the assets of Borrower are not “plan assets” of any employee benefit plan covered by ERISA or Section 4975 of the Internal Revenue Code.

(q) Borrower is not a “foreign person” within the meaning of Section 1445 or 7701 of the Internal Revenue Code.

(r) Borrower uses no trade name other than its actual name set forth herein. The principal place of business of Borrower is as stated in Article 15.15.

(s) Borrower’s place of formation or organization is the State of Delaware.

(t) All statements set forth in the Recitals are true and correct.

(u) Each Franchise Agreement is in full force and effect and there is no default, breach or violation existing thereunder by any party thereto and no event has occurred (other than payments due but not yet delinquent) that, with the passage of time or the giving of notice, or both, would constitute a default, breach or violation by any party thereunder. Neither the execution and delivery of the Loan Documents or Borrower’s performance thereunder will adversely affect Borrower’s rights under any Franchise Agreement.

(v) Each Operating Lease is in full force and effect and Borrower has not received or delivered any written notice of default thereunder and there are no conditions that, with the passage of time and/or notice, would constitute a default under any Operating Lease. Each Borrower is an Affiliate and each Operating Lease is executed in connection with the tax structure of the Borrower.

(w) Each of the Borrower and Guarantor is not (nor will be) a person with whom Lender is restricted from doing business under regulations of the Office of Foreign Asset Control (“OFAC”) of the Department of the Treasury of the United States of America (including, those Persons named on OFAC’s Specially Designated and Blocked Persons list) or under any statute, executive order (including, the September 24, 2001 Executive Order Blocking Property and Prohibiting Transactions With Persons Who Commit, Threaten to Commit, or Support Terrorism), or other governmental action and is not and shall not engage in any dealings or transactions or otherwise be associated with such persons. In addition, Borrower hereby agrees to provide to the Lender with any additional information that the Lender deems necessary from time to time in order to ensure compliance with all applicable Laws concerning money laundering and similar activities.

3.2 Survival of Representations and Warranties.

Borrower agrees that all of the representations and warranties set forth in Section 3.1 and elsewhere in this Agreement are true as of the date hereof, and will be true at the Loan Opening. Each request for a disbursement under the Loan Documents shall constitute a reaffirmation of such representations and warranties, as deemed modified in accordance with the disclosures made and approved as aforesaid, as of the date of such request. It shall be a condition precedent to the Loan Opening and each subsequent disbursement that each of said representations and warranties is true and

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correct as of the date of such requested disbursement. Each disbursement of Loan proceeds shall be deemed to be a reaffirmation by Borrower that each of the representations and warranties is true and correct as of the date of such disbursement, except for matters which have been disclosed by Borrower and approved by Lender in writing. In addition, at Lender's request, Borrower shall reaffirm such representations and warranties in writing prior to each disbursement hereunder.

ARTICLE IV LOAN AND LOAN DOCUMENTS

4.1 Agreement to Borrow and Lend; Lender's Obligation to Disburse.

Subject to the terms, provisions and conditions of this Agreement and the other Loan Documents, Borrower agrees to borrow from Lender and Lender agrees to lend to Borrower the Loan, for the purposes and subject to all of the terms, provisions and conditions contained in this Agreement.

(a) The maximum amount of the Loan shall equal the lesser of (i) \$39,390,000.00, and (ii) 75% of the appraised value of the Project as set forth in the Appraisal. Lender agrees, upon Borrower's compliance with and satisfaction of all conditions precedent to the Loan Opening, no Material Adverse Change has occurred with respect to Borrower or the Project and no Default or Event of Default has occurred and is continuing hereunder, to Open the Loan.

(b) To the extent that Lender may have acquiesced in noncompliance with any requirements precedent to the Opening of the Loan or precedent to any subsequent disbursement of Loan proceeds, such acquiescence shall not constitute a waiver by Lender, and Lender may at any time after such acquiescence require Borrower to comply with all such requirements.

4.2 Loan Documents.

Borrower agrees that it will, on or before the Loan Opening Date, execute and deliver or cause to be executed and delivered to Lender the following documents in form and substance acceptable to Lender:

- (a) The Note.
- (b) The Mortgage.
- (c) The Non-Recourse Guaranty.
- (d) The Environmental Indemnity.

(e) Such UCC financing statements as Lender determines are advisable or necessary to perfect or notify third parties of the security interests intended to be created by the Loan Documents.

(f) Such other documents, instruments or certificates as Lender and its counsel may require, including such documents as Lender in its sole discretion deems necessary or appropriate to effectuate the terms and conditions of this Agreement and the Loan Documents, and to comply with the Laws of the State, provided that such other documents, instruments or certificates do not expand Borrower's liability or otherwise modify the terms of the Loan.

4.3 Term of the Loan.

All principal, interest and other sums due under the Loan Documents shall be due and payable in full on the Maturity Date. All references herein to the Maturity Date shall mean Initial Maturity Date, provided that, subject to clauses (a) and (b) below, Borrower shall have the right to extend the Maturity Date for an additional twelve (12) month term on no more than two (2) occasions (the “First Extension Option” and the “Second Extension Option”, respectively) thereby extending the Maturity Date to the First Extended Maturity Date and the Second Extended Maturity Date, respectively.

(a) Borrower may only exercise the First Extension Option upon satisfying the following conditions:

(i) Borrower shall have delivered to Lender written notice of such election no earlier than one hundred twenty (120) days and no later than sixty (60) days prior to the Initial Maturity Date;

(ii) Borrower pays to Lender the Extension Fee;

(iii) the representations and warranties of the Borrower contained in the Agreement or in any other Loan Document shall be true and correct in all material respects on and as of the date on which notice is given in accordance with this subsection;

(iv) no Default or Event of Default exists under the Loan Documents; and

(v) Borrower shall have delivered a compliance certificate in the form attached hereto as Exhibit C (“Compliance Certificate”) demonstrating compliance with the financial covenants in Sections 9.1(k) and 9.1(m).

(b) Borrower may only exercise the Second Extension Option upon satisfying the following conditions:

(i) Borrower shall have delivered to Lender written notice of such election no earlier than one hundred twenty (120) days and no later than sixty (60) days prior to the First Extended Maturity Date;

(ii) Borrower pays to Lender the Extension Fee;

(iii) the representations and warranties of the Borrower contained in the Agreement or in any other Loan Document shall be true and correct in all material respects on and as of the date on which notice is given in accordance with this subsection;

(iv) no Default or Event of Default exists under the Loan Documents; and

(v) Borrower shall have delivered a compliance certificate in the form attached hereto as Exhibit C (“Compliance Certificate”) demonstrating compliance with the financial covenants in Sections 9.1(k) and 9.1(m).

4.4 Prepayments.

(a) Borrower shall have the right to make prepayments of the Loan, in whole or in part. No prepayment of all or part of the Loan shall be permitted unless the same is made together with an amount equal to the attorneys’ fees and disbursements incurred by Lender as a result of the prepayment,

and, if such prepayment is made prior to February 12, 2027, the Minimum Interest Amount. Notwithstanding the foregoing, if Lender or any of its subsidiaries acquires the Bradenton Project, the Minimum Interest Amount shall be waived with regard to the Bradenton Project.

(b) Notwithstanding the foregoing, all outstanding principal and any accrued but unpaid interest on the Loan will be due within thirty (30) days following the occurrence that Borrower becomes affiliated with Lender pursuant to insurance reporting standards, as determined by Lender in its sole discretion.

4.5 Required Principal Payments.

All principal shall be paid on or before the Maturity Date.

4.6 Late Charge.

Any and all amounts due hereunder or under the other Loan Documents which remain unpaid on the tenth (10th) day after the date said amount was due and payable shall incur a fee (the "Late Charge") of five percent (5%) of said amount, which payment shall be in addition to all of Lender's other rights and remedies under the Loan Documents, provided that no Late Charge shall apply to the final payment of principal on the Maturity Date or upon acceleration. Nothing in this Section shall be deemed a cure period for the purpose of determining the occurrence of an Event of Default.

4.7 Exit Fee.

On the earlier of (a) the Maturity Date and (b) such time that the Borrower prepays the Loan in any amount in accordance with Section 4.4 hereof or upon acceleration of the Loan, Borrower shall pay to Lender an exit fee (the "Exit Fee") in the amount equal to one percent (1%) of the amount paid, prepaid, or accelerated, such that the total exit fee on the Loan shall be \$393,900.00. Notwithstanding the foregoing, if Lender or any of its subsidiaries acquires the Bradenton Project, the Exit Fee shall be waived with regard to the Allocated Loan Amount for the Bradenton Project.

4.8 Partial Release.

Borrower may request that Lender approve a partial release of the lien of the Mortgage from either Project (the "Proposed Release Tract"), so long as the following terms and conditions are satisfied:

(a) Borrower delivers to Lender the Release Price for the applicable Proposed Release Tract to be applied to the aggregate outstanding principal balance under the Note;

(b) All partial release documents shall be prepared at the expense of Borrower and shall be in form and substance satisfactory to Lender;

(c) Borrower shall present to Lender a written request for a partial release, specifically identifying the Proposed Release Tract to be released, together with an appropriate partial release document;

(d) Lender will execute, acknowledge and return the partial release documents to Borrower within five (5) business days after Lender's receipt of the above specified items;

(e) For the Bradenton Project only, if Borrower receives net proceeds greater than the Allocated Loan Amount for the Bradenton Project, Borrower must deposit the first Two

Million and No/100 Dollars (\$2,000,000.00) into a reserve account, which shall be for expenses related to the property-improvement plan at the Park City Project (the “PIP Reserve”).

ARTICLE V INTEREST

5.1 Interest Rate.

(a) Subject to Section 5.3, the Loan will bear interest at the Applicable Rate, unless the Default Rate is applicable.

(b) Interest at the Applicable Rate (or Default Rate) shall be calculated on the basis of a 360-day year consisting of 12 months of 30 days each, including the first date of the applicable period to, but not including, the date of repayment.

(c) The Loan shall bear interest at the Default Rate at any time at which an Event of Default shall exist or as otherwise mentioned herein.

5.2 Payment Dates.

Beginning on March 12, 2026 and continuing on the twelfth (12th) day of every calendar month through and including the Maturity Date, Borrower shall pay interest in arrears in the amount of all interest accrued and unpaid. All payments (whether of principal or of interest) shall be deemed credited to Borrower’s account only if received by 2:00 p.m. Dallas time on a Business Day; otherwise, such payment shall be deemed received on the next Business Day.

5.3 Maximum Lawful Rate.

It is the intent of Borrower and Lender to conform to and contract in strict compliance with applicable usury law from time to time in effect. In no way, nor in any event or contingency (including but not limited to prepayment, default, demand for payment, or acceleration of the maturity of any obligation), shall the rate of interest taken, reserved, contracted for, charged or received under this Agreement and the other Loan Documents exceed the highest lawful interest rate permitted under applicable law (the “Maximum Lawful Rate”). If Lender shall ever receive anything of value which is characterized as interest under applicable law and which would apart from this provision be in excess of the Maximum Lawful Rate, an amount equal to the amount which would have been excessive interest shall, without penalty, be applied to the reduction of the principal amount owing on the Loan in the inverse order of its maturity and not to the payment of interest, or refunded to the Borrower or the other payor thereof if and to the extent such amount which would have been excessive exceeds such unpaid principal. All interest paid or agreed to be paid to the holder hereof shall, to the extent permitted by applicable law, be amortized, prorated, allocated and spread throughout the full stated term of the Loan so that the amount of interest on account of such obligation does not exceed the Maximum Lawful Rate. As used in this Section, the term “applicable law” shall mean the laws of the State of Texas or the federal laws of the United States, whichever laws allow the greater interest, as such laws now exist or may be changed or amended or come into effect in the future.

ARTICLE VI COSTS OF MAINTAINING LOAN

6.1 Increased Costs and Capital Adequacy.

(a) Borrower recognizes that the cost to Lender of maintaining the Loan or any portion thereof may fluctuate and, Borrower agrees to pay Lender additional amounts to compensate Lender for any increase in its actual costs incurred in maintaining the Loan or any portion thereof outstanding or for the reduction of any amounts received or receivable from Borrower as a result of any change after the date hereof in any applicable Law, regulation or treaty, or in the interpretation or administration thereof, or by any domestic or foreign court, (A) changing the basis of taxation of payments under this Agreement to Lender (other than taxes imposed on all or any portion of the overall net income or receipts of Lender), or (B) imposing, modifying or applying any reserve, special deposit or similar requirement against assets of, deposits with or for the account of, credit extended by, or any other acquisition of funds for loans by Lender (which includes the Loan or any applicable portion thereof), or (C) imposing on Lender any other condition affecting the Loan, provided that the result of the foregoing is to increase the cost to Lender of maintaining the Loan or any portion thereof or to reduce the amount of any sum received or receivable from Borrower by Lender under the Loan Documents.

(b) If the application of any Law, rule, regulation or guideline adopted or arising out of the Basel Committee on Banking Regulations and Supervisory Practices entitled “International Convergence of Capital Measurement and Capital Standards”, or the adoption after the date hereof of any other Law, rule, regulation or guideline regarding capital adequacy, or any change after the date hereof in any of the foregoing, or in the interpretation or administration thereof by any domestic or foreign Governmental Authority, central bank or comparable agency charged with the interpretation or administration thereof, or compliance by Lender, with any request or directive regarding capital adequacy (whether or not having the force of law) of any such authority, central bank or comparable agency, has the effect of reducing the rate of return on Lender’s capital to a level below that which Lender would have achieved but for such application, adoption, change or compliance (taking into consideration the policies of Lender with respect to capital adequacy), then, from time to time Borrower shall pay to Lender such additional amounts as will compensate Lender for such reduction with respect to any portion of the Loan outstanding.

(c) Any amount payable by Borrower under subsection (a) or subsection (b) of this Section 6.1 shall be paid within thirty (30) days of receipt by Borrower of a certificate signed by an authorized officer of Lender setting forth the amount due and the basis for the determination of such amount, which statement shall be conclusive and binding upon Borrower, absent manifest error. Failure on the part of Lender to demand payment from Borrower for any such amount attributable to any particular period shall not constitute a waiver of Lender’s right to demand payment of such amount for any subsequent or prior period. Lender shall use reasonable efforts to deliver to Borrower prompt notice of any event described in subsection (a) or (b) above, of the amount of the reserve and capital adequacy payments resulting therefrom and the reasons therefor and of the basis of calculation of such amount; provided, however, that any failure by Lender to so notify Borrower shall not affect Borrower’s obligation to pay the reserve and capital adequacy payment resulting therefrom.

6.2 Borrower Withholding.

If by reason of a change in any applicable Laws occurring after the date hereof, Borrower is required by Law to make any deduction or withholding in respect of any taxes (other than taxes imposed on or measured by the net income of Lender or any franchise tax imposed on Lender), duties or other charges from any payment due under the Note to the maximum extent permitted by Law, the sum due from Borrower in respect of such payment shall be increased to the extent necessary to ensure that, after the making of such deduction or withholding, Lender receives and retains a net sum equal

to the sum which it would have received had no such deduction or withholding been required to be made.

ARTICLE VII LOAN EXPENSE AND ADVANCES

7.1 Loan and Administration Expenses.

Borrower unconditionally agrees to pay all costs and expenses incurred by Lender in connection with the Loan, including all amounts payable pursuant to Sections 7.2 and 7.3 and any and all other fees owing to Lender pursuant to the Loan Documents or any separate fee agreement, and also including, without limiting the generality of the foregoing, all recording, filing and registration fees and charges, mortgage or documentary taxes, all insurance premiums, title insurance premiums and other charges of the Title Insurer, printing and photocopying expenses, survey fees and charges, site inspection fees and charges, cost of certified copies of instruments, cost of premiums on surety company bonds, charges of the Title Insurer or other escrowee for administering disbursements, all appraisal fees, insurance consultant's fees, environmental consultant's fees, travel related expenses and all costs and expenses incurred by Lender in connection with the determination of whether or not Borrower has performed the obligations undertaken by Borrower hereunder or has satisfied any conditions precedent to the obligations of Lender hereunder and, if any default or Event of Default occurs hereunder or under any of the Loan Documents or if the Loan or Note or any portion thereof is not paid in full when and as due, all costs and expenses of Lender (including, without limitation, court costs and counsel's fees and disbursements and fees and costs of paralegals) incurred in attempting to enforce payment of the Loan and expenses of Lender incurred (including court costs and counsel's fees and disbursements and fees and costs of paralegals) in attempting to realize, while a default or Event of Default exists, on any security or incurred in connection with the sale or disposition (or preparation for sale or disposition) of any security for the Loan. Borrower agrees to pay all brokerage, finder or similar fees or commissions payable in connection with the transactions contemplated hereby and shall indemnify and hold Lender harmless against all claims, liabilities, costs and expenses (including attorneys' fees and expenses) incurred in relation to any claim by broker, finder or similar person.

7.2 Lender's Attorneys' Fees and Disbursements.

Borrower agrees to pay Lender's attorney fees and disbursements incurred in connection with this Loan, including (i) the preparation of this Agreement, any intercreditor agreements and the other Loan Documents and the preparation of the closing binders, (ii) the disbursement, amendment, and administration of the Loan and (iii) the enforcement of the terms of this Agreement and the other Loan Documents; provided, however, that in no event shall Borrower be obligated to pay Lender's attorney fees and disbursements in connection with any syndication of the Loan.

7.3 Time of Payment of Fees and Expenses.

Borrower shall pay all expenses and fees incurred by Lender as of the Loan Opening on the Loan Opening Date (unless sooner required herein). At the time of the Opening of the Loan, Lender may pay from the proceeds of the initial disbursement of the Loan all Loan expenses and all fees payable to Lender. Lender may require the payment of outstanding fees and expenses as a condition to any disbursement of the Loan. Lender is hereby authorized, without any specific request or direction by Borrower, to make disbursements from time to time in payment of or to reimburse Lender for all Loan expenses and fees.

7.4 Expenses and Advances Secured by Loan Documents.

Any and all advances or payments made by Lender under this Article 7 from time to time, and any amounts expended by Lender pursuant to Section 14.1(a), shall, as and when advanced or incurred, constitute additional indebtedness evidenced by the Note and secured by the Mortgage and the other Loan Documents.

7.5 Right of Lender to Make Advances to Cure Borrower's Defaults.

In the event that Borrower fails to perform any of Borrower's covenants, agreements or obligations contained in this Agreement or any of the other Loan Documents (after the expiration of applicable grace periods, except in the event of an emergency or other exigent circumstances), Lender may (but shall not be required to) perform any of such covenants, agreements and obligations, and any amounts expended by Lender in so doing shall constitute additional indebtedness evidenced by the Note and secured by the Mortgage and the other Loan Documents and shall bear interest at the Default Rate.

7.6 Origination Fee.

Borrower shall pay to Lender, at the Opening of the Loan, a non-refundable origination fee in the amount of \$390,000.00 to be funded from Loan proceeds.

ARTICLE VIII REQUIREMENTS PRECEDENT TO THE OPENING OF THE LOAN

8.1 Conditions Precedent.

Borrower agrees that Lender's obligation to open the Loan is conditioned upon Borrower's delivery, performance and satisfaction of the following conditions precedent in form and substance satisfactory to Lender in its sole discretion (all of which shall be deemed to have occurred upon Lender's execution and delivery of this Agreement):

(a) Loan Documents: The Lender shall have received copies of each of the documents set forth in Section 4.2, executed by the Borrower or Guarantor, as the case may be, and recorded, if applicable, each in form and substance satisfactory to the Lender.

(b) Title and Other Documents: Borrower shall have furnished to Lender the Title Policy together with legible copies of all title exception documents cited in the Title Policy and all other legal documents affecting the Project or the use thereof;

(c) Intentionally Omitted.

(d) Intentionally Omitted.

(e) Survey: Borrower shall have furnished to Lender an ALTA/ACSM "Class A" Land Title Survey of the Project. Said survey shall be dated no earlier than ninety (90) days prior to the Loan Opening. Such survey shall include the legal description of the Land;

(f) Insurance Policies: Borrower shall have furnished to Lender prior to the date of this Agreement policies or binders evidencing that insurance coverages are in effect with respect to the

Project and Borrower, in accordance with the Insurance Requirements attached hereto as Exhibit B, for which the premiums have been fully prepaid with endorsements satisfactory to Lender.

(g) No Litigation: No litigation or proceedings shall be pending or threatened which, if adversely determined, could reasonably be expected to cause a Material Adverse Change with respect to Borrower or the Project;

(h) Utilities: Borrower shall have furnished to Lender (by way of utility letters or otherwise) evidence establishing to the satisfaction of Lender that the Project has adequate water supply, storm and sanitary sewerage facilities, telephone, gas, electricity, fire and police protection, means of ingress and egress to and from the Project and public highways and any other required public utilities and that the Project is benefited by insured easements as may be required for any of the foregoing;

(i) Appraisal: Lender shall have obtained an Appraisal evidencing a maximum Loan-to-Value of seventy-five percent (75%), which Appraisal is satisfactory to Lender in all respects;

(j) Searches: Borrower shall have furnished to Lender current bankruptcy, federal tax lien and judgment searches and searches of all Uniform Commercial Code financing statements filed in each place UCC Financing Statements are to be filed hereunder, demonstrating the absence of adverse claims;

(k) Loan Payoff: Lender shall have received confirmation from the Title Insurer that all documents or information needed to release any prior existing indebtedness securing a lien on the Projects shall have been received;

(l) Management Agreements: Borrower shall have delivered to Lender executed copies of any leasing, management and development agreements entered into by Borrower in connection with the operation of the Project;

(m) Flood Hazard: Lender has received evidence that the Project is not located in an area designated by the Secretary of Housing and Urban Development as a special flood hazard area, or flood hazard insurance acceptable to Lender in its sole discretion;

(n) Zoning: If the Title Policy does not include a zoning endorsement, Borrower shall have furnished to Lender a legal opinion or zoning letter as to compliance of the Project with zoning and similar Laws;

(o) Organizational Documents: Borrower shall have furnished to Lender proof satisfactory to Lender of authority, formation, organization and good standing in the state of its incorporation or formation and, if applicable, qualification as a foreign entity in good standing in the state of its incorporation or formation, of all corporate, partnership, trust and limited liability company entities (including Borrower) executing any Loan Documents, whether in their own name or on behalf of another entity. Borrower shall also provide certified resolutions in form and content satisfactory to Lender, authorizing execution, delivery and performance of the Loan Documents, and such other documentation as Lender may require to evidence the authority of the persons executing the Loan Documents;

(p) No Default: There shall be no uncured Default or Event of Default by Borrower hereunder;

(q) Easements: Borrower shall have furnished Lender all easements reasonably required for the construction, maintenance or operation of the Project; and

(r) Additional Documents: Borrower shall have furnished to Lender such other materials,

documents, papers or requirements regarding the Project or Borrower as Lender shall request.

ARTICLE IX OTHER COVENANTS

9.1 Borrower further covenants and agrees as follows:

(a) Opening of Loan on or Prior to Loan Opening Date. All conditions precedent to the Opening of the Loan shall be complied with on or prior to the Effective Date, which shall be deemed to have occurred upon Lender's execution and delivery of this Agreement.

(b) Inspection by Lender. Borrower will cooperate with Lender in arranging for inspections by representatives of Lender of (i) any of the Improvements, (ii) any contracts, bills of sale, statements, receipts or vouchers in connection with any of the Improvements, (iii) all work done, labor performed, materials furnished in and about any of the Improvements, (iv) all books, contracts and records with respect to any of the Improvements, and (v) any other documents relating to any of the Improvements in Borrower's possession or control.

(c) Mechanics' Liens and Contest Thereof. Borrower will not suffer or permit any mechanics' lien claims to be filed or otherwise asserted against the Project or any funds due to any contractor, and will promptly discharge the same in case of the filing of any claims for lien or proceedings for the enforcement thereof, provided, however, that Borrower shall have the right to contest in good faith and with reasonable diligence the validity of any such lien or claim (provided that Borrower posts a statutory lien bond which removes such lien from title to the Project within twenty

(20) days of written notice by Lender to Borrower of the existence of the lien). Lender will not be required to make any further disbursements of the proceeds of the Loan until any mechanics' lien claims have been removed or bonded around and Lender may, at its option, restrict disbursements to reserve sufficient sums to pay 150% of the lien if not removed or bonded around.

(d) Settlement of Mechanics' Lien Claims. If Borrower shall fail promptly either (i) to discharge any such lien, or (ii) post a statutory lien bond in the manner provided in Section 9.1(c), Lender may, at its election (but shall not be required to), procure the release and discharge of any such claim and any judgment or decree thereon and, further, may in its sole discretion effect any settlement or compromise of the same, or may furnish such security or indemnity to the Title Insurer, and any amounts so expended by Lender, including premiums paid or security furnished in connection with the issuance of any surety company bonds, shall be deemed to constitute disbursement of the proceeds of the Loan hereunder. In settling, compromising or discharging any claims for lien, Lender shall not be required to inquire into the validity or amount of any such claim.

(e) Renewal of Insurance. Borrower shall cause insurance policies to be maintained in compliance with Exhibit B at all times. Borrower shall timely pay all premiums on all insurance policies required hereunder, and as and when additional insurance is required, from time to time, and as and when any policies of insurance may expire, furnish to Lender, premiums prepaid, additional and renewal insurance policies with companies, coverage and in amounts satisfactory to Lender in accordance with Section 8.1(f).

(f) Payment of Taxes. Borrower shall pay (or cause to be paid in accordance with Section 9.1(g) below) all real estate taxes and assessments and charges of every kind upon the Project before the same become delinquent, provided, however, that Borrower shall have the right to pay such tax under protest or to otherwise contest any such tax or assessment, but only if (i) such contest has the effect of preventing the collection of such taxes so contested and also of preventing the sale or forfeiture of the Project or any part thereof or any interest therein, (ii) Borrower has notified Lender of Borrower's intent to contest such taxes, and (iii) Borrower has deposited security in form and amount

satisfactory to Lender, in its sole discretion, and has increased the amount of such security so deposited promptly after Lender's request therefor. If Borrower fails to commence such contest or, having commenced to contest the same, and having deposited such security required by Lender for its full amount, shall thereafter fail to prosecute such contest in good faith or with due diligence, or, upon adverse conclusion of any such contest, shall fail to pay such tax, assessment or charge, Lender may, at its election (but shall not be required to), pay and discharge any such tax, assessment or charge, and any interest or penalty thereon, and any amounts so expended by Lender shall be deemed to constitute disbursements of the Loan proceeds hereunder (even if the total amount of disbursements would exceed the face amount of the Note). Upon Lender's request, Borrower shall furnish to Lender evidence that taxes are paid at least five (5) days prior to the last date for payment of such taxes and before imposition of any penalty or accrual of interest.

(g) Tax and Insurance Escrow Accounts. Upon the occurrence of any Event of Default, Borrower shall make monthly tax escrow and insurance deposits, in amounts determined by Lender from time to time as being needed to pay taxes and insurance premiums when due, in an escrow account held by Lender in Lender's name and under its sole dominion and control. Such funds shall be applied by Lender toward the payment of property taxes, assessments and charges and insurance premiums when statements therefor are presented to Lender by Borrower (which statements shall be presented by Borrower to Lender a reasonable time before the applicable amounts are due). Lender shall have the right to rely upon tax information furnished by applicable taxing authorities in the payment of such taxes or assessments and shall have no obligation to make any protest of any such taxes or assessments.

All payments deposited in the escrow account, and all interest accruing thereon, are pledged as additional collateral for the Loan. Notwithstanding Lender's holding of the escrow account, nothing herein shall obligate Lender to pay any insurance premiums, real property taxes or repair and replacement costs with respect to any portion of the Project if any Default or Event of Default has occurred.

(h) Leasing Restrictions. Without the prior written consent of Lender, Borrower and Borrower's agents shall not enter into or materially modify, amend, or terminate the Operating Lease, Franchise Agreement, or Liquor Lease. Each Property Owner and Operating Lessee agrees and acknowledges that (x) each Operating Lease is hereby subject to and subordinate to the lien of the Mortgage, and (y) in the event of a foreclosure or an acceptance by Lender of a deed-in-lieu of foreclosure, the Operating Leases shall automatically terminate, shall be of no further force and effect and Lender shall have no obligations to the Property Owners and/or Operating Lessees in connection with the Operating Leases. Each Property Owner and Operating Lessee agree that, if requested by Lender in connection with such foreclosure or deed-in-lieu of foreclosure, each Individual Owner and Individual Operator shall each execute and deliver any documentation reasonably requested by Lender to confirm such termination; provided, however, such documentation shall not be required to evidence said termination.

(i) Lender's Attorneys' Fees for Enforcement of Agreement. In case of any Default or Event of Default hereunder, Borrower (in addition to Lender's attorneys' fees, if any, to be paid pursuant to Section 7.3) will pay Lender's attorneys' and paralegal fees (including, without limitation,

any attorney and paralegal fees and costs incurred in connection with any litigation or bankruptcy or administrative hearing and any appeals therefrom and any post-judgment enforcement action including, without limitation, supplementary proceedings) in connection with the enforcement of this Agreement; without limiting the generality of the foregoing, if at any time or times after an Event of Default Lender employs counsel (whether or not any suit has been or shall be filed and whether or not other legal proceedings have been or shall be instituted) for advice or other representation with respect to the Project, this Agreement, or any of the other Loan Documents, or to protect, collect, lease, sell, take possession of, or liquidate any of the Project, or to attempt to enforce any security interest or lien in any portion of the Project, or to enforce any rights of Lender or Borrower's obligations hereunder, then in any of such events all of the attorneys' fees arising from such services, and any expenses, costs and charges relating thereto (including fees and costs of paralegals), shall constitute an additional liability owing by Borrower to Lender, payable on demand.

(j) Appraisals. Lender shall have the right to obtain a new or updated Appraisal of the Project from time to time. Borrower shall cooperate with Lender in this regard. If the Appraisal is obtained to comply with this Agreement or any applicable Law or regulatory requirement, or if an Event of Default exists, Borrower shall pay for any such Appraisal upon Lender's request, provided, however, that Borrower shall not be liable for the costs of more than one Appraisal in any 12 month period and the cost of each such appraisal shall not exceed \$25,000.

(k) Loan-to-Value Covenant. Lender shall have the right to obtain one Appraisal in any 12 month period, which Appraisal must evidence a maximum Loan-to-Value of seventy-five percent (75%);

(l) Furnishing Information. Borrower shall deliver or cause to be delivered to Lender (i) quarterly financial statements of the Borrower within sixty (60) days after the end of each calendar quarter, (ii) monthly operating statements and leasing reports for the Project within (a) thirty (30) days after the end of each calendar month or (b) ten (10) days of receipt, whichever is earlier, and (iii) annual financial statements for Borrower within (a) one hundred twenty (120) days after the end of each calendar year or (b) ten (10) days of receipt, whichever is earlier. Borrower shall provide such additional financial information as Lender requires from time-to-time, including, but not limited to, financial statements and Federal Income Tax Returns of Borrower, as requested by the Lender. Borrower shall during regular business hours upon not less than 2 Business Days advance notice, permit Lender or any of its agents or representatives to have access to and examine all of its books and records regarding the development and operation of the Project.

(m) Debt Service Coverage Ratio: Within thirty (30) days following the end of each calendar quarter beginning with the quarter ending on March 31, 2026 and on the last day of each calendar quarter thereafter (each, a "Measurement Date"), Borrower shall deliver a compliance certificate in the form attached hereto as Exhibit C ("Compliance Certificate"), demonstrating that the Debt Service Coverage Ratio for each Project for the calendar quarter ended on such Measurement Date annualized is at least 1.00 to 1.00 (the "DSCR Covenant"). At any time that such DSCR Covenant is not achieved, Borrower shall have the option, within thirty (30) days of delivery of such quarterly Compliance Certificate, to open a reserve account (the "Interest Reserve Account") with Lender and deposit an amount equal to Total Debt Service for the period beginning on the Measurement Date in which the DSCR Covenant is not achieved until the immediately succeeding Maturity Date (the "Interest Reserve Deposit"). Borrower shall have no right to withdraw any funds held in the Interest Reserve Account, and all funds held in the Interest Reserve Account shall remain in the Interest Reserve Account until the next Measurement Date on which Borrower satisfies the DSCR Covenant, in which case such funds shall be released to Borrower; provided, however, in determining whether or not Borrower cured any such shortfall, the Debt Service Coverage Ratio shall be calculated on the

Applicable Rate as if the Default Rate had never been assessed. All payments deposited into the Interest Reserve Account, and all interest accruing thereon, are pledged as additional collateral for the Loan and on the occurrence of an Event of Default may be applied to the Loan. If Borrower elects to open the Interest Reserve Account and deposit the Interest Reserve Deposit in accordance with this Section 9.1(m), no Event of Default shall arise or occur due to non-compliance with the respective DSCR Covenant.

(n) Sign and Publicity. Lender reserves the right to publicize the making of the Loan.

(o) Lost Note. Upon Lender's furnishing to Borrower an affidavit to such effect, Borrower shall, if the Note is mutilated, destroyed, lost or stolen, deliver to Lender, in substitution therefor, a new note containing the same terms and conditions as the Note.

(p) Indemnification. BORROWER SHALL INDEMNIFY LENDER, INCLUDING EACH PARTY OWNING AN INTEREST IN THE LOAN AND THEIR RESPECTIVE OFFICERS, DIRECTORS, EMPLOYEES AND CONSULTANTS (EACH, AN "INDEMNIFIED PARTY") AND DEFEND AND HOLD EACH INDEMNIFIED PARTY HARMLESS FROM AND AGAINST ALL CLAIMS, INJURY, DAMAGE, LOSS AND LIABILITY, COST AND EXPENSE (INCLUDING ATTORNEYS' FEES, COSTS AND EXPENSES) OF ANY AND EVERY KIND TO ANY PERSONS OR PROPERTY BY REASON OF (I) THE OPERATION OR MAINTENANCE OF THE PROJECT; (II) ANY BREACH OF REPRESENTATION OR WARRANTY, DEFAULT OR EVENT OF DEFAULT UNDER THIS AGREEMENT OR ANY OTHER LOAN DOCUMENT OR RELATED DOCUMENT; OR (III) ANY OTHER MATTER ARISING IN CONNECTION WITH THE LOAN, BORROWER, GUARANTOR OR THE PROJECT. BORROWER'S DUTY TO INDEMNIFY, HOLD HARMLESS, AND DEFEND THE INDEMNIFIED PARTIES AGAINST LOSSES EXTENDS TO LOSS THAT MAY BE CAUSED OR ALLEGED TO BE CAUSED IN PART BY THE NEGLIGENCE OF ANY INDEMNIFIED PARTY TO THE FULLEST EXTENT THAT SUCH INDEMNIFICATION IS PERMITTED BY APPLICABLE LAW. THE FOREGOING INDEMNIFICATION SHALL SURVIVE REPAYMENT OF THE LOAN AND SHALL CONTINUE TO BENEFIT LENDER FOLLOWING ANY ASSIGNMENT OF THE LOAN WITH RESPECT TO MATTERS ARISING OR ACCRUING PRIOR TO SUCH ASSIGNMENT OR REPAYMENT OF THE LOAN.

(q) No Additional Debt. Except for the Loan, Borrower shall neither incur nor guarantee any indebtedness (whether personal or nonrecourse, secured or unsecured) other than customary trade payables paid within sixty (60) days after they are incurred.

(r) Compliance With Laws. Borrower shall comply with all applicable requirements (including applicable Laws) of any Governmental Authority having jurisdiction over Borrower or the Project.

(s) Organizational Documents. Borrower shall not, without the prior written consent of Lender, permit or suffer (i) a material amendment or modification of its organizational documents, (ii) the admission of any new member, partner or shareholder, or (iii) any dissolution or termination of its existence.

(t) Furnishing Reports. Upon Lender's request, Borrower shall provide Lender with copies of all third party inspections, reports, test results and other information received by any Borrower, which in any way relate to the Project or any part thereof.

(u) Management Contracts. Borrower shall not enter into, modify, amend, terminate or cancel any management contracts for the Project or agreements with agents or brokers, without the prior

written approval of Lender.

(v) Furnishing Notices. Borrower shall provide Lender with copies of all material written notices pertaining to the Project received by Borrower from any Builder, Governmental Authority or insurance company within seven (7) days after such notice is received.

(w) Correction of Defects. Within five (5) days after Borrower acquires knowledge of or receives written notice of a defect in the Project or any other requirement of this Agreement, Borrower will proceed with diligence to correct all such defects and departures.

(x) Alterations. Except as otherwise provided herein, without the prior written consent of Lender, Borrower shall not make any material alterations to the Project.

(y) Cash Distributions. Borrower shall not make any distributions to partners, members or shareholders except for distributions by Borrower to the partners or members of Borrower (i) equal to the taxes payable by the members or partners of Borrower (calculated at the highest applicable marginal rate in effect at the relevant time) attributable to the taxable income or gain of Borrower, (ii) of Monthly Excess Cash Flow, provided, that no distributions under subsection (i) or (ii) above may be made to partners, members or shareholders after the occurrence and during the continuance of an Event of Default; and (iii) the minimum amount required for NXDT to maintain its status as a real estate investment trust under Section 856(c)(i) of the Code.

(z) Post Closing Obligations. Within thirty (30) days after the Effective Date, Borrower shall deliver to Lender (i) executed copies of comfort letters by and among each Franchisor, Borrower, and Lender, (ii) the final Phase I, Property Condition Report, Property Condition Assessment for the Park City Project, and (iii) executed copies of the Assignment And Subordination Of Management Agreement And Waiver Of Management Liens by and among Borrower, Manager and Lender for each Project.

(aa) PIP Reserve. Borrower shall use all amounts in the PIP Reserve for expenses related to the property-improvement plan in place at the Park City Project.

9.2 Authorized Representative.

Borrower hereby appoints Matt McGraner as an Authorized Representative for purposes of dealing with Lender on behalf of Borrower in respect of any and all matters in connection with this Agreement, the other Loan Documents, and the Loan. The Authorized Representative shall have the power, in his discretion, to give and receive all notices, monies, approvals, and other documents and instruments, and to take any other action on behalf of Borrower. All actions by the Authorized Representative shall be final and binding on Borrower. Lender may rely on the authority given to the Authorized Representative until actual receipt by Lender of a duly authorized resolution substituting a different person as an Authorized Representative.

ARTICLE X CASUALTIES AND CONDEMNATION

10.1 Lender's Election to Apply Proceeds on Indebtedness.

(a) Subject to the provisions of Section 10.1(b) below, Lender may elect to collect, retain and apply upon the indebtedness of Borrower under this Agreement or any of the other Loan Documents all proceeds of insurance or condemnation (individually and collectively referred to as "Proceeds") after deduction of all expenses of collection and settlement, including attorneys' and adjusters' fees and charges. Any Proceeds remaining after repayment of the indebtedness under the Loan Documents shall be paid by Lender to Borrower.

(b) Notwithstanding anything in Section 10.1(a) to the contrary, in the event of any casualty to the Improvements or any condemnation of part of the Project, Lender agrees to make available the Proceeds to restoration of the Improvements if (i) no Default or Event of Default exists, (ii) all Proceeds are deposited with Lender, (iii) in Lender's reasonable judgment, the amount of Proceeds available for restoration of the Improvements is sufficient to pay the full and complete costs of such restoration, (iv) the cost of restoration exceeds ten percent (10%) of the Loan Amount, in Lender's sole but reasonable determination after completion of restoration the Loan Amount will not exceed 75% of the fair market value of the Project, (v) in Lender's sole but reasonable determination, the Project can be restored to an economically viable project in compliance with applicable Laws, and (vi) in Lender's sole but reasonable determination, such restoration is likely to be completed not later than three months prior to the Maturity Date.

10.2 Borrower's Obligation to Rebuild and Use of Proceeds Therefor.

In case Lender does not elect to apply or does not have the right to apply the Proceeds to the indebtedness, as provided in Section 10.1 above, Borrower shall:

(a) Proceed with diligence to make settlement with insurers or the appropriate Governmental Authorities and cause the Proceeds to be deposited with Lender;

(b) In the event of any undue delay in making settlement with insurers or the appropriate Governmental Authorities or effecting collection of the Proceeds, deposit with Lender the full amount required to complete construction as aforesaid; and

(c) Promptly proceed with the assumption of restoration of the Improvements (if any), including the repair of all damage resulting from such fire, condemnation or other cause and restoration to its former condition.

Any request by Borrower for a disbursement by Lender of Proceeds and funds deposited by Borrower shall be treated by Lender as if such request were for an advance of the Loan hereunder, and the disbursement thereof shall be conditioned upon Borrower's compliance with and satisfaction of the same conditions precedent as would be applicable under this Agreement for an advance of the Loan.

ARTICLE XI ASSIGNMENTS BY LENDER AND BORROWER

11.1 Assignments and Participations.

Lender may from time to time sell the Loan and the Loan Documents (or any interest therein) and may grant participations in the Loan. Borrower agrees to cooperate with Lender's efforts to do any of the foregoing and to execute all documents required by Lender in connection therewith which do not materially adversely affect Borrower's rights under the Loan Documents.

11.2 Prohibition of Assignments and Transfers by Borrower.

Borrower shall not assign or attempt to assign its rights under this Agreement and any purported assignment shall be void. Without the prior written consent of Lender, in Lender's sole discretion, Borrower shall not suffer or permit (a) any change in the management (whether direct or indirect) of the Project or of Borrower, or (b) any Transfer. Notwithstanding the foregoing or anything contained in this Agreement or any Loan Document to the contrary, Borrower and/or its direct and/or indirect owners, may from time to time, without the consent of Lender, effect any of the following Transfers: (i) a Transfer of any direct and/or indirect interest in Borrower so long as NexPoint Diversified Real Estate Operating Partnership, L.P., a Delaware limited partnership, either (x) Controls Borrower or (y) owns at least fifty-one percent (51%) of the direct and/or indirect equity interests in Borrower; and (ii) a pledge (but not the foreclosure thereon, unless such foreclosure would constitute a Permitted Transfer) of any indirect interest in Borrower to an institutional lender or financial institution providing mezzanine financing, a corporate line of credit, corporate credit facility, a working capital line and/or a subscription facility, in each case otherwise subject to the terms of this Agreement (each of the foregoing, a "Permitted Transfer").

11.3 Prohibition of Transfers in Violation of ERISA.

In addition to the prohibitions set forth in Section 11.2 above, Borrower shall not assign, sell, pledge, encumber, transfer, hypothecate or otherwise dispose of its interest or rights in this Agreement or in the Project, or attempt to do any of the foregoing or suffer any of the foregoing, nor shall any party owning a direct or indirect interest in Borrower assign, sell, pledge, mortgage, encumber, transfer, hypothecate or otherwise dispose of any of its rights or interest (direct or indirect) in Borrower, attempt to do any of the foregoing or suffer any of the foregoing, if such action would cause the Loan, or the exercise of any of Lender's rights in connection therewith, to constitute a prohibited transaction under ERISA or the Internal Revenue Code or otherwise result in Lender being deemed in violation of any applicable provision of ERISA. Borrower agrees to indemnify and hold Lender free and harmless from and against all losses, costs (including attorneys' fees and expenses), taxes, damages (including consequential damages) and expenses Lender may suffer by reason of the investigation, defense and settlement of claims and in obtaining any prohibited transaction exemption under ERISA necessary or desirable in Lender's sole judgment or by reason of a breach of the foregoing prohibitions. The foregoing indemnification shall be a recourse obligation of Borrower and shall survive repayment of the Note, notwithstanding any limitations on recourse contained herein or in any of the Loan Documents.

11.4 Successors and Assigns.

Subject to the foregoing restrictions on transfer and assignment contained in this Article 11, this Agreement shall inure to the benefit of and shall be binding on the parties hereto and their respective successors and permitted assigns.

ARTICLE XII TIME OF THE ESSENCE

12.1 Time is of the Essence.

Borrower agrees that time is of the essence under this Agreement.

ARTICLE XIII EVENTS OF DEFAULT

13.1 Events of Default.

The occurrence of any one or more of the following shall constitute an “Event of Default” as said term is used herein:

(a) Failure of Borrower (i) (A) to make any regularly scheduled payment when due and such failure continues for five (5) days, or (B) to observe or perform any of the other covenants or conditions by Borrower to be performed under the terms of this Agreement or any other Loan Document concerning the payment of money; or (ii) for a period of thirty (30) days after written notice from Lender, to observe or perform any non-monetary covenant or condition contained in this Agreement or any other Loan Documents or, if such default cannot be cured within thirty (30) days, within ninety (90) days after written notice from Lender so long as Borrower diligently pursues cure to completion; provided that if a different notice or grace period is specified under any other subsection of this Section 13.1 with respect to a particular breach, or if another subsection of this Section 13.1 applies to a particular breach and does not expressly provide for a notice or grace period the specific provision shall control.

(b) Any Transfer or other event in violation of Sections 11.2 or 11.3.

(c) If any warranty, representation, statement, report or certificate made now or hereafter by Borrower or Guarantor is untrue or incorrect in any material respect at the time made or delivered.

(d) Borrower or Guarantor shall commence a voluntary case concerning Borrower or Guarantor under the Bankruptcy Code; or an involuntary proceeding is commenced against Borrower under the Bankruptcy Code and relief is ordered against Borrower or Guarantor or the petition is controverted but not dismissed or stayed within ninety (90) days after the commencement of the case, or a custodian (as defined in the Bankruptcy Code) is appointed for or takes charge of all or substantially all of the property of Borrower or Guarantor; or the Borrower or Guarantor commences any other proceedings under any reorganization, arrangement, readjustment of debt, relief of debtors, dissolution, insolvency or liquidation or similar Law of any jurisdiction whether now or hereafter in effect relating to the Borrower or Guarantor; or there is commenced against Borrower or Guarantor any such proceeding which remains undismissed or unstayed for a period of ninety (90) days; or the Borrower or Guarantor fails to controvert in a timely manner any such case under the Bankruptcy Code or any such proceeding, or any order of relief or other order approving any such case or proceeding is entered; or the Borrower or Guarantor by any act or failure to act indicates its consent to, approval of, or acquiescence in any such case or proceeding or the appointment of any custodian or the like of or for it for any substantial part of its property or suffers any such appointment to continue undischarged or unstayed for a period of ninety (90) days.

(e) Borrower or Guarantor shall make an assignment for the benefit of creditors, or shall admit in writing its inability to pay its debts generally as they become due, or shall consent to the appointment of a receiver or trustee or liquidator of all of its property or the major part thereof or if all or a substantial part of the assets of Borrower or Guarantor are attached, seized, subjected to a writ or distress warrant, or are levied upon, or come into the possession of any receiver, trustee, custodian or assignee for the benefit of creditors.

(f) If Borrower is enjoined, restrained or in any way prevented by any court order from constructing or operating the Project.

(g) One or more final, non-appealable judgments are entered (i) against Borrower in an amount

in excess of \$100,000, or (ii) against Guarantor in amounts aggregating in excess of

\$500,000.00, and said judgments are not stayed or bonded paid off over within ten (10) Business Days after entry; provided, however, that Borrower or Guarantor shall be deemed to cure this Event of Default if said judgement is paid off within ten (10) Business Days after entry.

(h) If Borrower or Guarantor shall fail to pay any debt owed by it or is in default under any agreement with Lender and such failure or default continues after any applicable grace period specified in the instrument or agreement relating thereto.

(i) If a Material Adverse Change occurs with respect to Borrower, Guarantor or the Project.

(j) The failure at any time of the Mortgage to be a valid first lien upon the Project or any portion thereof, or of the security interest created by any Loan Document to be a valid first lien upon the collateral described therein.

(k) The revocation of the Non-Recourse Guaranty by the Guarantor.

(l) The occurrence of any other event or circumstance denominated as an Event of Default in this Agreement or under any of the other Loan Documents and the expiration of any applicable grace or cure periods, if any, specified for such Event of Default herein or therein, as the case may be.

(m) Any default pursuant to Sections 9.1(k), 9.1(m), 9.1(y), or 9.1(z) hereof

(n) The occurrence of a default and the expiration of any cure period available to Borrower applicable thereto under any Franchise Agreement or any Management Agreement.

ARTICLE XIV LENDER'S REMEDIES IN EVENT OF DEFAULT

14.1 Remedies Conferred Upon Lender.

Upon the occurrence of any Event of Default, Lender may pursue any one or more of the following remedies concurrently or successively, it being the intent hereof that none of such remedies shall be to the exclusion of any other:

(a) Take possession of the Project and do anything which is necessary or appropriate in its sole judgment to fulfill the obligations of Borrower under this Agreement and the other Loan Documents, including either the right to avail itself of and procure performance of existing contracts or let any contracts with the same contractors or others. Without restricting the generality of the foregoing and for the purposes aforesaid, Borrower hereby appoints and constitutes Lender its lawful attorney-in-fact with full power of substitution in the Project to use unadvanced funds remaining under the Note or which may be reserved, escrowed or set aside for any purposes hereunder at any time, or to advance funds in excess of the face amount of the Note; to pay, settle or compromise all existing bills and claims, which may be liens or security interests, or to avoid such bills and claims becoming liens against the Project; to execute all applications and certificates in the name of Borrower prosecute

and defend all actions or proceedings in connection with the Improvements or Project; to take action and require such performance as it deems necessary under any of the Bonds to be furnished hereunder and to make settlements and compromises with the surety or sureties thereunder, and in connection therewith, to execute instruments of release and satisfaction; and to do any and every act which the Borrower might do in its own behalf; it being understood and agreed that this power of attorney shall be a power coupled with an interest and cannot be revoked;

(b) Withhold further disbursement of the proceeds of the Loan and/or terminate Lender's obligations to make further disbursements hereunder;

(c) Declare the Note, all interest accrued and unpaid thereon, and all other amounts owing or payable hereunder or under any other Loan Document to be immediately due and payable, whereupon the same shall forthwith become due and payable without presentment, demand, protest, notice of default, notice of acceleration, or of intention to accelerate or other notice of any kind all of which Borrower hereby expressly waives, anything contained herein or in any other Loan Document to the contrary notwithstanding;

(d) Use and apply any monies or letters of credit deposited by Borrower with Lender, regardless of the purposes for which the same was deposited, to cure any such default or to apply on account of any indebtedness under this Agreement which is due and owing to Lender; and

(e) Exercise or pursue any other remedy or cause of action permitted under this Agreement or any other Loan Documents, or conferred upon Lender by operation of Law.

Notwithstanding the foregoing, upon the occurrence of any Event of Default under Section 13.1(d) or (e) with respect to Borrower, all amounts evidenced by the Note shall automatically become due and payable, without any presentment, demand, protest or notice of any kind to Borrower.

ARTICLE XV GENERAL PROVISIONS

15.1 Captions.

The captions and headings of various Articles, Sections and subsections of this Agreement and Exhibits pertaining hereto are for convenience only and are not to be considered as defining or limiting in any way the scope or intent of the provisions hereof.

15.2 Modification; Waiver.

No modification, waiver, amendment or discharge of this Agreement or any other Loan Document shall be valid unless the same is in writing and signed by the party against which the enforcement of such modification, waiver, amendment or discharge is sought.

15.3 Governing Law.

Irrespective of the place of execution and/or delivery, this Agreement shall be governed by, and shall be construed in accordance with, the laws of the State of Texas.

15.4 Acquiescence Not to Constitute Waiver of Lender's Requirements.

Each and every covenant and condition for the benefit of Lender contained in this Agreement may be waived by Lender, provided, however, that to the extent that Lender may have acquiesced in any noncompliance with any conditions precedent to the Opening of the Loan or to any subsequent disbursement of Loan proceeds, such acquiescence shall not be deemed to constitute a waiver by Lender of such requirements with respect to any future disbursements of Loan proceeds.

15.5 Disclaimer by Lender.

This Agreement is made for the sole benefit of Borrower and Lender, and no other person or persons shall have any benefits, rights or remedies under or by reason of this Agreement, or by reason of any actions taken by Lender pursuant to this Agreement. Lender shall not be liable to any contractors, subcontractors, supplier, architect, engineer, tenant or other party for labor or services performed or materials supplied in connection with the Project. Lender shall not be liable for any debts or claims accruing in favor of any such parties against Borrower or others or against the Project. Lender, by making the Loan or taking any action pursuant to any of the Loan Documents, shall not be deemed a partner or a joint venturer with Borrower or fiduciary of Borrower. No payment of funds directly to a contractor or subcontractor or provider of services shall be deemed to create any third-party beneficiary status or recognition of same by the Lender. Without limiting the generality of the foregoing:

(a) Lender shall have no liability, obligation or responsibility whatsoever with respect to the Project. Any inspections of the Project made by or through Lender are for purposes of administration of the Loan only and neither Borrower nor any third party is entitled to rely upon the same with respect to the quality, adequacy or suitability of materials or workmanship, state of completion or otherwise; and

(b) Lender owes no duty of care to protect Borrower, Guarantor or any Tenant against negligent, faulty, inadequate or defective building or construction.

15.6 Partial Invalidity; Severability.

If any of the provisions of this Agreement, or the application thereof to any person, party or circumstances, shall, to any extent, be invalid or unenforceable, the remainder of this Agreement, or the application of such provision or provisions to persons, parties or circumstances other than those as to whom or which it is held invalid or unenforceable, shall not be affected thereby, and every provision of this Agreement shall be valid and enforceable to the fullest extent permitted by Law.

15.7 Definitions Include Amendments.

Definitions contained in this Agreement which identify documents, including, but not limited to, the Loan Documents, shall be deemed to include all amendments and supplements to such documents from the date hereof, and all future amendments, modifications, and supplements thereto entered into from time to time to satisfy the requirements of this Agreement or otherwise with the consent of Lender. Reference to this Agreement contained in any of the foregoing documents shall be deemed to include all amendments and supplements to this Agreement.

15.8 Execution in Counterparts.

This Agreement may be executed in any number of counterparts and by different parties hereto in separate counterparts, each of which when so executed shall be deemed to be an original and all of which taken together shall constitute one and the same agreement.

15.9 Entire Agreement.

This Agreement, taken together with all of the other Loan Documents and all certificates and other documents delivered by Borrower to Lender, embody the entire agreement and supersede all prior agreements, written or oral, relating to the subject matter hereof.

15.10 Waiver of Damages.

In no event shall Lender be liable to Borrower for punitive, exemplary or consequential damages, including, without limitation, lost profits, whatever the nature of a breach by Lender of its obligations under this Agreement or any of the Loan Documents, and Borrower and Guarantor waive all claims for punitive, exemplary or consequential damages.

15.11 Claims Against Lender.

Lender shall not be in default under this Agreement, or under any other Loan Documents, unless a written notice specifically setting forth the claim of Borrower shall have been given to Lender within three (3) months after Borrower first had knowledge of the occurrence of the event which Borrower alleges gave rise to such claim and Lender does not remedy or cure the default, if any there be, promptly thereafter. Borrower waives any claim, set-off or defense against Lender arising by reason of any alleged default by Lender as to which Borrower does not give such notice timely as aforesaid. Borrower acknowledges that such waiver is or may be essential to Lender's ability to enforce its remedies without delay and that such waiver therefore constitutes a substantial part of the bargain between Lender and Borrower with regard to the Loan. No Tenant is intended to have any rights as a third-party beneficiary of the provisions of this Section 15.11.

15.12 Marshalling of Assets; Jurisdiction.

TO THE GREATEST EXTENT PERMITTED BY LAW, BORROWER HEREBY WAIVES ANY AND ALL RIGHTS TO REQUIRE MARSHALLING OF ASSETS BY LENDER. WITH RESPECT TO ANY SUIT, ACTION OR PROCEEDINGS RELATING TO THIS AGREEMENT (EACH, A "PROCEEDING"), BORROWER IRREVOCABLY (A) SUBMITS TO THE NON-EXCLUSIVE JURISDICTION OF THE STATE AND FEDERAL COURTS HAVING JURISDICTION IN THE CITY OF DALLAS, COUNTY OF DALLAS AND STATE OF TEXAS, AND (B) WAIVES ANY OBJECTION WHICH IT MAY HAVE AT ANY TIME TO THE LAYING OF VENUE OF ANY PROCEEDING BROUGHT IN ANY SUCH COURT, WAIVES ANY CLAIM THAT ANY PROCEEDING HAS BEEN BROUGHT IN AN INCONVENIENT FORUM AND FURTHER WAIVES THE RIGHT TO OBJECT, WITH RESPECT TO SUCH PROCEEDING, THAT SUCH COURT DOES NOT HAVE JURISDICTION OVER SUCH PARTY. NOTHING IN THIS AGREEMENT SHALL PRECLUDE LENDER FROM BRINGING A PROCEEDING IN ANY OTHER JURISDICTION NOR WILL THE BRINGING OF A PROCEEDING IN ANY ONE OR MORE JURISDICTIONS PRECLUDE THE BRINGING OF A PROCEEDING IN ANY OTHER JURISDICTION. BORROWER FURTHER AGREES AND CONSENTS THAT, IN ADDITION TO ANY METHODS OF SERVICE OF PROCESS PROVIDED FOR UNDER APPLICABLE LAW, ALL SERVICE OF PROCESS IN ANY PROCEEDING IN ANY TEXAS STATE OR UNITED STATES COURT SITTING IN THE CITY OF DALLAS AND COUNTY OF DALLAS MAY BE

MADE BY CERTIFIED OR REGISTERED MAIL, RETURN RECEIPT REQUESTED, DIRECTED TO BORROWER AT THE ADDRESS INDICATED BELOW, AND SERVICE SO MADE SHALL BE COMPLETE UPON RECEIPT; EXCEPT THAT IF BORROWER SHALL REFUSE TO ACCEPT DELIVERY, SERVICE SHALL BE DEEMED COMPLETE FIVE (5) DAYS AFTER THE SAME SHALL HAVE BEEN SO MAILED.

15.13 Set-Offs.

After the occurrence of an Event of Default, Borrower hereby irrevocably authorizes and directs Lender from time to time to charge Borrower's accounts and deposits with Lender (or its Affiliates), and to pay over to Lender an amount equal to any amounts from time to time due and payable to Lender hereunder, under the Note or under any other Loan Document. Borrower hereby grants to Lender a security interest in and to all such accounts and deposits maintained by the Borrower with Lender (or its Affiliates).

15.14 Lender's Consent.

Wherever in this Agreement there is a requirement for Lender's consent and/or a document to be provided or an action taken "to the satisfaction of Lender", it is understood by such phrase that, except as expressly modified herein, Lender shall exercise its consent, right or judgment in its sole discretion.

15.15 Notices.

Any notice, demand, request or other communication which any party hereto may be required or may desire to give hereunder shall be in writing and shall be deemed to have been properly given (a) if hand delivered, when delivered; (b) if mailed by United States Certified Mail (postage prepaid, return receipt requested), three (3) Business Days after mailing; (c) if by Federal Express or other reliable overnight courier service, on the next Business Day after delivered to such courier service; or (d) if by telecopier on the day of transmission so long as copy is sent on the same day by overnight courier as set forth below:

If to Borrower:

NHT Bradenton, LLC
NHT Park City, LLC
NHT Bradenton TRS, LLC
NHT Park City TRS, LLC
300 Crescent Court, Suite 700
Dallas, TX 75201
Attention: Legal Department
Email: legal@nexpoint.com

If to Lender:

The Ohio State Life Insurance Company
300 Crescent Court, Suite 700
Dallas, TX 75201
Attention: Brad Heiss
Telephone: (214) 550-8348
Facsimile: (214) 292-8832

With a copy to:

Wick Phillips Gould & Martin, LLP
3131 McKinney Avenue, Suite 500
Dallas, Texas 75204
Attention: Isaac J. Brown
Telephone: (214) 740-4037
Facsimile: (214) 692-6255

or at such other address as the party to be served with notice may have furnished in writing to the party seeking or desiring to serve notice as a place for the service of notice.

15.16 Waiver of Jury Trial.

BORROWER AND LENDER EACH WAIVE ANY RIGHT TO A TRIAL BY JURY IN ANY ACTION OR PROCEEDING TO ENFORCE OR DEFEND ANY RIGHTS UNDER THIS AGREEMENT AND THE OTHER LOAN DOCUMENTS OR RELATING THERETO OR ARISING FROM THE LENDING RELATIONSHIP WHICH IS THE SUBJECT OF THIS AGREEMENT AND AGREE THAT ANY SUCH ACTION OR PROCEEDING SHALL BE TRIED BEFORE A COURT AND NOT BEFORE A JURY.

15.17 No Oral Agreements.

THIS WRITTEN LOAN AGREEMENT REPRESENTS THE FINAL AGREEMENT BETWEEN THE PARTIES AND MAY NOT BE CONTRADICTED BY EVIDENCE OF PRIOR, CONTEMPORANEOUS, OR SUBSEQUENT ORAL AGREEMENTS OF THE PARTIES. THERE ARE NO UNWRITTEN ORAL AGREEMENTS BETWEEN THE PARTIES.

[Signature page follows.]

EXECUTED as of the date first set forth above.

BORROWER:

NHT BRADENTON, LLC,
a Delaware limited liability company

By: /s/ Paul Richards
Name: Paul Richards
Title: Authorized Signatory

Borrower's Tax ID No. 87-3879428

NHT BRADENTON TRS, LLC,
a Delaware limited liability company

By: /s/ Paul Richards
Name: Paul Richards
Title: Authorized Signatory

Borrower's Tax ID No. 87-3879517

NHT PARK CITY, LLC,
a Delaware limited liability company

By: /s/ Paul Richards
Name: Paul Richards
Title: Authorized Signatory

Borrower's Tax ID No. 87-3888307

NHT PARK CITY TRS, LLC,
a Delaware limited liability company

By: /s/ Paul Richards
Name: Paul Richards
Title: Authorized Signatory

Borrower's Tax ID No. 87-3888494

LENDER:

THE OHIO STATE LIFE INSURANCE COMPANY

By: /s/ Brad Heiss

Name: Brad Heiss

Title: EVP/CIO

[Loan Agreement]

EXHIBIT A-1

Legal Description

PARCEL 1:

LOTS 1 THROUGH 8 BLOCK D, SMITH'S ADDITION TO BRADENTON, ACCORDING TO THE PLAT THEREOF AS RECORDED IN PLAT BOOK 1, PAGE 135, TOGETHER WITH THE VACATED ALLEY BETWEEN LOT 3 AND 6 AND 4 AND 5; LESS PARCEL CONVEYED TO THE FLORIDA DEPARTMENT OF TRANSPORTATION AS DESCRIBED IN DEED RECORDED IN O.R. BOOK 1054, PAGE 3449, OF THE PUBLIC RECORDS OF MANATEE COUNTY, FLORIDA, BEING THE SAME PROPERTY DESCRIBED AS: BEGIN AT THE SOUTHWEST CORNER OF LOT 8, BLOCK SMITH'S ADDITION TO BRADENTON, ACCORDING TO THE PLAT THEREOF AS RECORDED IN PLAT BOOK 1, PAGE 135, OF THE PUBLIC RECORDS OF MANATEE COUNTY, FLORIDA; THENCE N.01°18'42"E., ALONG THE MONUMENTED AND PLATTED RIGHT OF WAY LINE (10TH STREET WEST, 74 FOOT PUBLIC RIGHT WAY) A DISTANCE OF 222.39 FEET TO THE NORTHWEST CORNER OF LOT 2, BLOCK D; THENCE S.89°30'12"E., ALONG THE MONUMENTED AND PLATTED RIGHT OF WAY LINE (3RD AVENUE WEST, 45 FOOT PUBLIC RIGHT WAY) A DISTANCE OF 150.36 FEET; THENCE S.41°06'59"E., A DISTANCE OF 30.31 FEET; THENCE S.02°33'19"W., ALONG THE WESTERLY RIGHT OF WAY LINE OF 9TH STREET WEST (U.S. BUSINESS 41) A DISTANCE OF 180.18 FEET; THENCE S.41°21'22"W., A DISTANCE OF 24.98 FEET; THENCE N.89°08'33"W., A DISTANCE OF 15.00 FEET; THENCE S.00°51'07"W., A DISTANCE OF 1.73 FEET; THENCE N.89°07'45"W., ALONG THE MONUMENTED AND PLATTED RIGHT OF WAY LINE (4TH AVENUE WEST, 40 FOOT PUBLIC RIGHT WAY) A DISTANCE OF 135.83 FEET TO THE POINT OF BEGINNING.

PARCEL 2:

LOTS 1 AND 4, BLOCK F, SMITH'S ADDITION TO BRADENTON, ACCORDING TO THE PLAT THEREOF AS RECORDED IN PLAT BOOK 1, PAGE 135, OF THE PUBLIC RECORDS OF MANATEE COUNTY, FLORIDA, LESS THE WESTERLY 3 FEET THEREOF, BEING THE SAME PROPERTY DESCRIBED AS: BEGIN AT THE SOUTHEAST CORNER OF LOT 4, BLOCK F, SMITH'S ADDITION TO BRADENTON, ACCORDING TO THE PLAT AS RECORDED IN PLAT BOOK 1, PAGE 135, OF THE PUBLIC RECORDS OF MANATEE COUNTY, FLORIDA; THENCE N.88°58'17"W., ALONG THE SOUTH LINE OF LOT 4, BLOCK F, SMITH'S ADDITION TO BRADENTON, A DISTANCE OF 97.38 FEET; THENCE N.01°09'33"E., BEING PARALLEL TO AND 3 FEET EAST OF THE WEST LINE OF LOTS 1 AND 4, BLOCK F, SMITH'S ADDITION TO BRADENTON, A DISTANCE OF 100.02 FEET TO THE NORTH LINE OF LOT 1, BLOCK F AND THE SOUTH RIGHT OF WAY LINE OF 4TH AVENUE WEST (40 FOOT PUBLIC RIGHT OF WAY); THENCE S.88°58'17"E., ALONG SAID NORTH LINE OF LOT 1 AND THE SOUTH RIGHT OF WAY LINE OF 4TH AVENUE WEST, A DISTANCE OF 97.25 FEET TO THE NORTHEAST CORNER OF LOT 1, BLOCK F, SMITH'S ADDITION TO BRADENTON, THENCE S.01°05'04"W., ALONG THE EAST LINE OF LOTS 1 AND 4, BLOCK F, SMITH'S ADDITION TO BRADENTON AND THE WEST RIGHT OF WAY LINE OF 10TH STREET WEST (74 FOOT PUBLIC RIGHT OF WAY) A DISTANCE OF 100.02 FEET THE POINT OF BEGINNING. THE LEASEHOLD ESTATE CONTAINED IN THAT CERTAIN UNRECORDED LEASE BETWEEN MANATEE COUNTY, AS LESSOR LANDLORD, AND WIDEWATERS BRADENTON LLC, AS LESSEE TENANT, AS EVIDENCED BY THAT

CERTAIN MEMORANDUM OF LEASE, RECORDED IN OFFICIAL RECORDS BOOK 2443, PAGE 6249, OF THE PUBLIC RECORDS OF MANATEE COUNTY, FLORIDA, DEMISING ALL OR A PORTION OF THE AFOREDESCRIBED PREMISES.

EXHIBIT A-2

Legal Description

PARCEL 1:

BEGINNING AT A POINT WHICH IS SOUTH 00°00'06" EAST ALONG THE SECTION LINE 1086.98 FEET AND EAST 636.76 FEET FROM THE NORTHWEST CORNER OF SECTION 31, TOWNSHIP 1 SOUTH, RANGE 4 EAST, SALT LAKE BASE AND MERIDIAN; THENCE EAST 361.36 FEET; THENCE NORTH 01°20'00" EAST 272.37 FEET; THENCE SOUTH 86°40'00" EAST 370.43 FEET TO A POINT ON THE WEST RIGHT-OF-WAY LINE OF UTAH STATE HIGHWAY U-224; THENCE SOUTH 00°13'32" EAST ALONG SAID WEST LINE 478.98 FEET TO THE NORTH LINE OF THE DECKER PARCEL; THENCE ALONG SAID DECKER PARCEL THE FOLLOWING TWO (2) COURSES; THENCE (1) WEST 225.40 FEET; THENCE (2) SOUTH 5.79 FEET; THENCE WEST 351.96 FEET; THENCE NORTH 02°00'00" EAST 87.64 FEET; THENCE WEST 170.20 FEET; THENCE NORTH 02°00'00" EAST 146.51 FEET TO THE POINT OF BEGINNING.

PARCEL 2:

A ROAD WAY EASEMENT AS SET FORTH IN THAT CERTAIN "GRANT OF ROAD WAY EASEMENT" RECORDED FEBRUARY 20, 1996 AS ENTRY NO. 448470 IN BOOK 945 AT PAGE 591, "ROADWAY EASEMENT SPECIAL WARRANTY DEED" RECORDED APRIL 14, 2006 AS ENTRY NO. 774815 IN BOOK 1784 AT PAGE 1530, "ROADWAY EASEMENT SPECIAL WARRANTY DEED" RECORDED AUGUST 30, 2013 AS ENTRY NO. 978169 IN BOOK 2204 AT PAGE 1424, AND "ROADWAY EASEMENT SPECIAL WARRANTY DEED" RECORDED SEPTEMBER 27, 2013 AS ENTRY NO. 980065 IN BOOK 2208 AT PAGE 1976 ALL OF OFFICIAL RECORDS OF SUMMIT COUNTY.

PARCEL 3:

A RECIPROCAL EASEMENT AGREEMENT WITH COVENANTS, CONDITIONS AND RESTRICTIONS RECORDED NOVEMBER 5, 2014 AS ENTRY NO. 01006474 IN BOOK 2264 AT PAGE 1797 OF OFFICIAL RECORDS.

EXHIBIT B

Insurance Requirements

(a) Until the Loan is fully paid, the Project shall be kept at all times insured against loss and damage by such hazards, casualties and contingencies in such amounts and for such periods as may from time to time be reasonably required by Lender. All insurance shall be written in policies and by insurance companies approved by Lender; such insurance companies shall have an A.M. Best Rating of A-: VIII and an S&P rating of A or better. All policies of insurance and renewals thereof shall name Borrower as a named insured, contain standard noncontributory Lender, mortgagee clauses and loss payable clauses in favor of Lender and shall name Lender and its successors and assigns as an additional insured/mortgagee/loss payee, except for the policies referenced in (b)(vii) and (viii) below, and shall provide for at least thirty (30) days' prior written notice of modification, if available using commercially reasonable efforts, or cancellation to Lender without cost to Lender as well as a waiver of subrogation endorsement and such other endorsements as Lender shall require. All policies of insurance and renewals thereof shall contain such further endorsements as Lender may reasonably require, in form and content reasonably acceptable to Lender. Without limiting the generality of the foregoing, all policies of insurance shall contain clauses or endorsements to the effect that no act or negligence of Borrower, or anyone acting for Borrower or of any tenant under any Lease or other occupant, or failure to comply with the provisions of any policy which might otherwise result in a forfeiture of the insurance or any part thereof, or foreclosure or similar action, shall in any way effect the validity or enforceability of the insurance insofar as Lender is concerned. All policies of insurance, together with evidence of fully paid premiums, shall be delivered to Lender as issued at least thirty (30) days before the expiration of old policies and shall be held by Lender until all indebtedness has been fully paid. Upon request by Lender (but no more often than once per calendar year so long as no Event of Default exists), Borrower, at its sole cost and expense, shall furnish Lender evidence of the replacement cost of the Project. In case of any transfer of title to the Project either resulting from an exercise of remedies under or pursuant to the Mortgage or in lieu of such remedies, complete title to all policies of insurance required by this Agreement and to all prepaid or unearned premiums thereon shall pass to and vest in the grantee or other transferee of the Project. Lender shall not, by reason of accepting, rejecting, approving or obtaining insurance, incur any liability for payment of losses. Notwithstanding the foregoing, Borrower shall be permitted to pay premiums on installments to the insurance company and/or the insurance agent/broker, provided that, Borrower submits to Lender proof of payment of each and every installment as such installments become due and payable. In no event shall Borrower be permitted to finance their premiums through a premium finance company.

(b) Without in any way limiting the generality of the foregoing, Borrower covenants and agrees to maintain the following insurance coverage: (i) all-risk coverage insurance, including vandalism, terrorism, windstorm/named storm and malicious mischief and sewer backup insurance, (A) for an amount equal to not less than one hundred percent (100%) of the full replacement cost of the Improvements and fixtures located on the Project, (B) written on a replacement cost basis (without depreciation) and an agreed amount endorsement pertaining to the co-insurance clause, (C) maintaining deductibles no greater than \$100,000, with the exception of windstorm/named storm or earthquake, which may have deductibles not to exceed five percent

[Exhibit B]

(5%) of the total insurable value of the Project per occurrence and (D) if any of the Improvements or the use of the Project shall at any time constitute legal non-conforming structures or uses, containing building ordinance coverage for loss to the undamaged portion of the building (with a limit equal to replacement cost), demolition and increased cost of construction, each in an amount as Lender may reasonably require; (ii) rent loss insurance, covering all risks required to be covered by the insurance provided for in subsection (i) above, in an amount equal to not less than gross revenue from the Project (less non-continuing expenses) for twenty-four (24) months, plus 365 days extended period of indemnity; (iii) commercial general public liability and property damage insurance with a broad form coverage endorsement, including terrorism, for an amount as reasonably required from time to time by Lender but not less than an aggregate amount of Five Million and No/100 Dollars (\$5,000,000.00) and an occurrence limit of not less than Three Million and No/100 Dollars (\$3,000,000.00) combined single limit to cover at least the following hazards:

(1) premises and operations; (2) products and completed operations on an “if any” basis; (3) independent contractors; and (4) contractual liability for all insured contracts to the extent the same is available, plus \$25,000,000 excess and/or umbrella liability insurance on terms consistent with the commercial general liability insurance policy required above; (iv) at all times that any material portion of the Project is located in an area identified in the Federal Register by the Federal Emergency Management Agency as having special flood hazards, flood insurance in an amount equal to (1) the maximum limit of coverage available under the National Flood Insurance Program, plus (2) such additional coverage as Lender shall require, subject to a deductible not to exceed an amount equal to the maximum available through the Flood Insurance Acts; (v) earthquake insurance in amounts and in form and substance satisfactory to Lender (*provided* that Lender shall not require earthquake insurance unless the Project is located in an area with a high degree of seismic activity and a Probable Maximum Loss (“PML”) or Scenario Expected Loss (“SEL”) of greater than twenty percent (20%)); (vi) insurance covering pressure vessels, pressure piping and machinery, if any, and all major components of any centralized heating or air-conditioning systems located in the Improvements, in an amount reasonably satisfactory to Lender, such policies also to insure against physical damage to the Improvements arising out of peril covered thereunder; (vii) workers’ compensation, subject to the statutory limits of the state in which the Project is located, and employer’s liability insurance with limits of \$1,000,000 (if applicable); (viii) commercial motor vehicle liability coverage for all owned and non-owned vehicles, including rented and leased vehicles containing minimum limits per occurrence, including umbrella coverage, with limits of \$1,000,000 (if applicable) and (ix) such other insurance that may be reasonably required from time to time by Lender. Prior to commencement of any capital improvements, and only if the property or liability coverage forms do not otherwise apply, Borrower shall have delivered to Lender a so-called Builder’s Risk Completed Value non-reporting form insurance policy for one hundred percent (100%) of the insurable replacement value of the applicable construction work and on terms consistent with the all-risk insurance policy required above.

(c) If at any time a dispute arises with respect to replacement cost, Borrower agrees to provide at Borrower’s expense, an insurance appraisal prepared by an insurance appraiser approved by Lender, establishing the full replacement cost in a manner satisfactory to the insurance carrier.

(d) Borrower shall pay or cause to be paid, in a timely manner, all premiums necessary to maintain all insurance policies required pursuant to the Loan Documents. At least

[Exhibit C]

thirty (30) days prior to the expiration of any policy of insurance, Borrower shall furnish to Lender renewal insurance policies as required by this Agreement and the other Loan Documents.

(e) In the event of any loss, Borrower shall promptly give Lender and the insurance companies that have insured against such risks, notice of such loss or damage, and, if requested by Lender, advise the insurance companies that Lender is authorized, subject to (f) below, to settle and adjust any claim under insurance policies which insure against such risks.

(f) Borrower shall not take out separate insurance concurrent in form or contributing in the event of loss with that required to be maintained hereunder unless Lender is included thereon as the loss payee and an additional insured as applicable, under a standard mortgagee clause acceptable to Lender and such separate insurance is acceptable to Lender.

(g) Unless Borrower provides Lender with evidence of the insurance coverage required by this Agreement, Lender, upon the earlier of (x) ten (10) days' prior notice to Borrower or (y) the date upon which any such insurance coverage expires, may purchase insurance at Borrower's expense to protect Lender's interest in the Project. This insurance may, but need not, protect Borrower's interests. The coverage Lender purchases may not pay any claim Borrower makes or any claim that is made against Borrower in connection with the Project. Lender may later cancel any insurance purchased by Lender, but only after Borrower provides Lender with evidence that Borrower has obtained insurance as required by this Agreement. If Lender purchases insurance required to be provided under this Agreement, Borrower will be responsible for the costs of that insurance, including interest and any other charges Lender may impose in connection with the placement of the insurance, until the effective date of the cancellation or expiration of the insurance. The costs of the insurance may be added to the Loan and shall bear interest at the Default Rate. The costs of the insurance may be more than the cost of insurance Borrower may be able to obtain on its own.

(h) In addition to any other obligations of Borrower hereunder, Borrower shall deliver to Lender within five (5) days of Lender's written request copies of any insurance policies required hereunder.

EXHIBIT C

Compliance Certificate The Ohio

State Life Insurance Company
300 Crescent Court, Suite 700
Dallas, TX 75201 Attention: Brad Heiss
Telephone: (214) 550-8348
Facsimile: (214) 292-8832

Re: Loan Agreement dated as of February 12, 2026 (as amended, modified, supplemented, restated, or renewed, from time to time, the "Agreement"), by and between NHT Bradenton, LLC, a Delaware limited liability company ("Bradenton Property Owner"), NHT Park City, LLC, a Delaware limited liability company ("Park City Property Owner"), NHT Bradenton TRS, LLC, a Delaware limited liability company ("Bradenton Operating Lessee"), NHT Park City TRS, LLC, a Delaware limited liability company ("Park City Operating Lessee"; jointly and severally with Bradenton Property Owner, Park City Property Owner, and Bradenton Operating Lessee, the "Borrower"), and The Ohio State Life Insurance Company ("Lender").

Reference is made to the Agreement. Capitalized terms used in this Certificate (including schedules and other attachments hereto, this "Certificate") without definition have the meanings specified in the Agreement.

Pursuant to applicable provisions of the Agreement, the undersigned, being the Authorized Representative designated in the Agreement, hereby certifies to the Lender that the information furnished in the attached schedules, including, without limitation, each of the calculations listed below are true, correct and complete in all material respects as of the last day of the fiscal periods subject to the financial statements and associated covenants being delivered to the Lender pursuant to the Agreement together with this Certificate (such statements the "Financial Statements" and the periods covered thereby the "reporting period") and for such reporting periods.

The undersigned hereby further certifies to the Lender that:

1. Compliance with Financial Covenants. As shown below, Borrower is in full compliance with the Financial Covenants contained in the Agreement.

[Note to preparer. The following Financial Covenants are provided as illustration. The actual Financial Covenants must be obtained from the Agreement]

1. **Covenant:** Debt Service Coverage Ratio of not less than 1.0 : 1.0, measured for the [trailing]/[following] [twelve month period]/[quarter, annualized].

Calculation:

Bradenton calculation:

Debt Service Coverage Ratio = ((Gross Revenues – Operating Expenses) / Total Debt Service : 1.0.

[Exhibit D]

Debt Service Coverage Ratio of : 1.0 for period ending .

[Borrower to include specific calculation based upon formula outlined in Agreement]

Compliance? (Yes or No)

Park City calculation:

Debt Service Coverage Ratio = ((Gross Revenues – Operating Expenses) / Total Debt Service : 1.0.

Debt Service Coverage Ratio of : 1.0 for period ending .

[Borrower to include specific calculation based upon formula outlined in Agreement]

Compliance? (Yes or No)

Covenant: Maximum Loan-to-Value of 75%, measured as of the most recent Appraisal.

Calculation:

Loan-to-Value = \$39,000,000 / As-is value of Project as set forth in the Appraisal.

Loan-to-Value of for Appraisal dated as of .

Compliance? (Yes or No)

2. Review of Condition. The undersigned has reviewed the terms of the Loan Documents, including, but not limited to, the representations and warranties of Borrower set forth in the Loan Documents and the covenants of Borrower set forth in the Loan Documents, and has made, or caused to be made under his or her supervision, a review in reasonable detail of the transactions and condition of Borrower through the reporting periods.

3. Representations and Warranties. To the undersigned's actual knowledge, the representations and warranties of Borrower contained in the Loan Documents, including those contained in the Agreement, are true and accurate in all material respects as of the date hereof and were true and accurate in all material respects at all times during the reporting period except as expressly noted on Schedule A hereto.

4. Covenants. To the undersigned's actual knowledge, during the reporting period, Borrower observed and performed all of the respective covenants and other agreements under the Loan Documents, and satisfied each of the conditions contained therein to be observed, performed or satisfied by Borrower, except as expressly noted on Schedule A hereto.

5. No Event of Default. To the undersigned's actual knowledge, no Event of Default exists as of the date hereof or existed at any time during the reporting period, except as expressly noted on Schedule A hereto.

IN WITNESS WHEREOF, this Certificate is executed by the undersigned this day of .

[Exhibit C]

By: Authorized Representative

[Exhibit C]

Schedule A

[]

[Exhibit C]

EXHIBIT D

Allocated Loan Amounts

<u>Project</u>	<u>Allocated Loan Amount</u>
Bradenton Project	\$25,250,000.00
Park City Project	\$14,140,000.00

CARVEOUT GUARANTY

THIS CARVEOUT GUARANTY (“*Guaranty*”) made as of February 12, 2026, by **NEXPOINT DIVERSIFIED REAL ESTATE TRUST OPERATING PARTNERSHIP, L.P.**, a Delaware limited partnership (“*Guarantor*”), to and for the benefit of **THE OHIO STATE LIFE INSURANCE COMPANY**, its successors and assigns (“*Lender*”).

RECITALS

A. On or about the date hereof, **NHT BRADENTON, LLC**, a Delaware limited liability company, **NHT BRADENTON TRS, LLC, a Delaware limited liability company**, **NHT PARK CITY, LLC**, a Delaware limited liability company, and **NHT PARK CITY TRS, LLC**, a Delaware limited liability company (collectively, “*Borrower*”) and Lender entered into that certain Amended and Restated Loan Agreement (“*Loan Agreement*”) whereby Lender agreed to make a secured loan (the “*Loan*”) available to Borrower in the maximum principal amount at any time outstanding not to exceed the sum of THIRTY-NINE MILLION THREE HUNDRED NINETY THOUSAND AND NO/100 DOLLARS (\$39,390,000.00), for general working capital purposes. Capitalized terms used and not otherwise defined herein shall have the meanings given to them in the Loan Agreement.

B. In connection with the Loan, Borrower has executed and delivered that certain Amended and Restated Promissory Note (the “*Note*”), of even date herewith and payable to the order of Lender in the amount of the Loan, payment of which is secured or will be secured by (i) that certain Amended and Restated Fee and Leasehold Mortgage, Assignment of Rents, Security Agreement and Fixture Filing, of even date herewith (the “*Bradenton Security Instrument*”), made by NHT Bradenton, LLC, a Delaware limited liability company, in favor of Lender, and that certain Deed of Trust, Assignment of Leases and Rents, Security Agreement, and Fixture Filing, of even date herewith (the “*Park City Security Instrument*” and collectively with the Bradenton Security Instrument, the “*Mortgage*”), made by NHT Park City, LLC, a Delaware limited liability company, in favor of Lender, and (ii) the other Loan Documents.

C. Guarantor will derive material financial benefit from the Loan evidenced and secured by the Note, the Mortgage and the other Loan Documents.

D. Lender has relied on the statements and agreements contained herein in agreeing to make the Loan. The execution and delivery of this Guaranty by Guarantor is a condition precedent to the making of the Loan by Lender.

AGREEMENTS

NOW, THEREFORE, intending to be legally bound, Guarantor, in consideration of the matters described in the foregoing Recitals, which Recitals are incorporated herein and made a part hereof, and for other good and valuable consideration the receipt and sufficiency of which are acknowledged, hereby covenants and agrees for the benefit of Lender and its respective successors, indorsees, transferees, participants and assigns as follows:

1. Guarantor absolutely, unconditionally and irrevocably guarantees:

- (a) the full and prompt payment of any Enforcement Costs (as hereinafter defined in Section 8 hereof);

(b) any loss, damage, out-of-pocket cost, out-of-pocket expense, liability or obligation actually incurred by Lender arising out of, on account of, or in connection with the intentional misapplication or conversion of any tenant security deposits, insurance proceeds, condemnation awards, or any proceeds from the sale of a portion of the Project received by Borrower and not delivered over to Lender or used to restore the Project in accordance with the Loan Agreement;

(c) any loss, damage, out-of-pocket cost, out-of-pocket expense, liability or obligation actually incurred by Lender arising out or on account of or based upon any fraud or willful misrepresentation of a material fact by Borrower or Guarantor in any Loan Document executed by Borrower or Guarantor;

(d) any amount(s) reasonably necessary to repair or replace any damage to or destruction of Project which is the result of intentional misconduct or gross negligence on the part of Borrower including, without limitation, intentional physical waste, any act of arson or malicious destruction of the Project by Borrower;

(e) any loss, damage, out-of-pocket cost, out-of-pocket expense, liability or obligation actually incurred by Lender out of or on account of or based upon the failure to maintain insurance as required by the Loan Documents or the failure to timely pay insurance premiums for any such required insurance for the Project;

(f) any loss, damage, out-of-pocket cost, out-of-pocket expense, liability or obligation actually incurred by Lender out of or on account of or based upon the failure to timely pay any valid real estate taxes for the Project which could create in liens on any portion of the Project superior to the lien or security title of the lien claimant under any of the Loan Documents, to the full extent of the amount claimed by any such lien claimant;

(g) any loss, damage, out-of-pocket cost, out-of-pocket expense, liability or obligation actually incurred by Lender out of or on account of or based upon any (i) amendment or modification of either Franchise Agreement by Borrower without the prior written consent of Lender, (ii) cancellation or termination of either Franchise Agreement by Borrower without the prior written consent of Lender, or (iii) the cancellation or termination of either Franchise Agreement due to Borrower's default thereunder when the Project generates sufficient revenue to fulfill Borrower's obligations thereunder; and

(h) the aggregate amount outstanding under the Loan Documents upon Borrower (i) making a general assignment for the benefit of its creditors; (ii) filing a petition, answer or consent seeking, or having entered against it, an order for relief (or any similar remedy) under any provision of Title 11 of the United States Code or any other federal, state or foreign Law relating to insolvency, bankruptcy, rehabilitation, liquidation or reorganization, or consent to the institution of any proceedings thereunder; (iii) convening a meeting of its creditors, or any class thereof, for the purpose of effecting a moratorium upon or extension or composition of its debts; (iv) admitting in writing that it is generally not able to pay its debts as they mature or generally not pay its debts as they mature; (v) applying for or consenting to the appointment of a receiver, trustee, custodian, liquidator or other similar official of all or a portion of its assets; (vi) any act is taken by or on behalf of Borrower (or any successor owner of the Property) or Guarantor to prevent, forestall, or impede in any way (A) the appointment of a receiver for Borrower or the Project or any part thereof by Lender, (B) a trustee sale, foreclosure or a public

or private sale under the UCC of the Project or any part thereof by Lender, or (C) any other enforcement or remedial action available to Lender under the Loan Documents, at law or in equity against Borrower or the Project or any part thereof, in each case to the extent such act is taken in bad faith or is groundless, without basis in fact or is not warranted by any good faith argument for the extension, modification, or reversal of existing law; (vii) any breach of Section 9.1(y) of the Loan Agreement; or (viii) Borrower's failure to cure any items, as applicable, identified in the Phase I Environmental Site Assessment, Property Condition Report, and Property Condition Assessment ordered on January 28, 2026 for the Bradenton Project and February 4, 2026 for the Park City Project that did not exist as of February 15, 2022, within 90 days after Borrower's receipt of such Phase I Environmental Site Assessment, Property Condition Report, and Property Condition Assessment.

All amounts due, debts, liabilities and payment obligations described in subsections (a) through (h) of this Section 1 shall be hereinafter collectively referred to as the "**Indebtedness**."

2. In the event of any default by Borrower in the payment of the Indebtedness, after the expiration of any applicable cure or grace period under the Loan Documents, Guarantor agrees, within five (5) Business Days following written demand by Lender or the holder of the Note therefor, to pay the Indebtedness regardless of any defense, right of set-off or claims which Borrower may have against Lender or the holder of the Note, other than such Indebtedness that has already been paid in full.

3. All of the remedies set forth herein and/or provided for in any of the Loan Documents or at law or equity shall be equally available to Lender, and the choice by Lender of one such alternative over another shall not be subject to question or challenge by Guarantor or any other person, nor shall any such choice be asserted as a defense, setoff, or failure to mitigate damages in any action, proceeding, or counteraction by Lender to recover or seeking any other remedy under this Guaranty, nor shall such choice preclude Lender from subsequently electing to exercise a different remedy. The parties have agreed to the alternative remedies provided herein in part because they recognize that the choice of remedies in the event of a default hereunder will necessarily be and should properly be a matter of good faith business judgment, which the passage of time and events may or may not prove to have been the best choice to maximize recovery by Lender at the lowest cost to Borrower and/or Guarantor. It is the intention of the parties that such good faith choice by Lender be given conclusive effect regardless of such subsequent developments.

4. Guarantor does hereby (a) waive notice of acceptance of this Guaranty by Lender and any and all notices and demands of every kind which may be required to be given by any statute, rule or law, (b) agree to refrain from asserting, until after repayment in full of the Indebtedness, any defense, right of set-off or other claim which Guarantor may have against Borrower, (c) waive presentment for payment, demand for payment, notice of nonpayment or dishonor, protest and notice of protest, diligence in collection and any and all formalities which otherwise might be legally required to charge Guarantor with liability, (d) waive any failure by Lender to inform Guarantor of any facts Lender may now or hereafter know about Borrower, the Project, the Loan, or the transactions contemplated by the Loan Agreement, it being understood and agreed that Lender has no duty so to inform and that Guarantor is fully responsible for being and remaining informed by Borrower of all circumstances bearing on the risk of nonperformance of Borrower's obligations, (e) waive all notices which may be required by statute, rule of law or otherwise to preserve any right of Lender, including without limitation, notice to Guarantor of default, intent to accelerate, acceleration, presentment to and demand of payment or performance from Borrower and protest for non-payment or dishonor, (f) any exercise by Lender of any right, remedy, power or privilege in connection with any of the Agreements, and (g)

any requirement of promptness or diligence on the part of Lender. Credit may be granted or continued from time to time by Lender to Borrower without notice to or authorization from Guarantor, regardless of the financial or other condition of Borrower at the time of any such grant or continuation. Lender shall have no obligation to disclose or discuss with Guarantor its assessment of the financial condition of Borrower. Guarantor acknowledges that no representations of any kind whatsoever have been made by Lender. No modification or waiver of any of the provisions of this Guaranty shall be binding upon Lender except as expressly set forth in a writing duly signed and delivered by Lender.

5. Guarantor further agrees that Guarantor's liability as guarantor shall not be impaired or affected by any renewals or extensions which may be made from time to time, with or without the knowledge or consent of Guarantor of the time for payment of interest or principal under the Note or by any forbearance or delay in collecting interest or principal under the Note, or by any waiver by Lender under the Loan Agreement, Mortgage or any other Loan Documents, or by Lender's failure or election not to pursue any other remedies it may have against Borrower or Guarantor, or by any change or modification in the Note, Loan Agreement, Mortgage or any other Loan Document, or by the acceptance by Lender of any additional security or any increase, substitution or change therein, or by the release by Lender of any security or any withdrawal thereof or decrease therein, or by the application of payments received from any source to the payment of any obligation other than the Indebtedness even though Lender might lawfully have elected to apply such payments to any part or all of the Indebtedness, it being the intent hereof that, subject to Lender's compliance with the terms of this Guaranty, Guarantor shall remain liable for the payment of the Indebtedness, until the Indebtedness has been paid in full, notwithstanding any act or thing which might otherwise operate as a legal or equitable discharge of a surety or the Loan has been paid in full by Borrower or Guarantor. Guarantor further understands and agrees that Lender may at any time enter into agreements with Borrower to amend and modify the Note, Loan Agreement, Mortgage or other Loan Documents, and may waive or release any provision or provisions of the Note, Loan Agreement, Mortgage and other Loan Documents or any thereof, and, with reference to such instruments, may make and enter into any such agreement or agreements as Lender and Borrower may deem proper and desirable, without in any manner impairing or affecting this Guaranty or any of Lender's rights hereunder or Guarantor's obligations hereunder.

6. This is an absolute, present and continuing guaranty of payment and not of collection. Guarantor agrees that this Guaranty may be enforced by Lender without the necessity at any time of resorting to or exhausting any other security or collateral given in connection herewith or with the Note, Loan Agreement, Mortgage or any of the other Loan Documents through foreclosure or sale proceedings, as the case may be, under the Mortgage or otherwise, or resorting to any other guaranties, and Guarantor hereby waives any right to require Lender to join Borrower in any action brought hereunder or to commence any action against or obtain any judgment against Borrower or to pursue any other remedy or enforce any other right. Guarantor further agrees that nothing contained herein or otherwise shall prevent Lender from pursuing concurrently or successively all rights and remedies available to it at law and/or in equity or under the Note, Loan Agreement, Mortgage or any other Loan Documents, and the exercise of any of its rights or the completion of any of its remedies shall not constitute a discharge of Guarantor's obligations hereunder, it being the purpose and intent of Guarantor that the obligations of Guarantor hereunder shall be absolute, independent and unconditional under any and all circumstances whatsoever. None of Guarantor's obligations under this Guaranty or any remedy for the enforcement thereof shall be impaired, modified, changed or released in any manner whatsoever by any impairment, modification, change, release or limitation of the liability of Borrower under the Note, Loan Agreement, Mortgage or other Loan Documents or by reason of the bankruptcy of Borrower or by reason of any creditor or bankruptcy proceeding instituted by or against Borrower.

This Guaranty shall continue to be effective or be reinstated (as the case may be) if at any time payment of all or any part of any sum payable pursuant to the Note, Loan Agreement, Mortgage or any other Loan Document is rescinded or otherwise required to be returned by Lender upon the insolvency, bankruptcy, dissolution, liquidation, or reorganization of Borrower, or upon or as a result of the appointment of a receiver, intervenor, custodian or conservator of or trustee or similar officer for, Borrower or any substantial part of its property, or otherwise, all as though such payment to Lender had not been made, regardless of whether Lender contested the order requiring the return of such payment.

7. In the event Lender or any holder of the Note shall assign the Note to any lender or other entity to secure a loan from such lender or other entity to Lender or such holder for an amount not in excess of the amount which will be due, from time to time, from Borrower to Lender under the Note with interest not in excess of the rate of interest which is payable by Borrower to Lender under the Note, Guarantor will accord full recognition thereto and agree that all rights and remedies of Lender or such holder hereunder shall be enforceable against Guarantor by such lender or other entity with the same force and effect and to the same extent as would have been enforceable by Lender or such holder but for such assignment; provided, however, that unless Lender shall otherwise consent in writing, Lender shall have an unimpaired right, prior and superior to that of its assignee or transferee, to enforce this Guaranty for Lender's benefit to the extent any portion of the Indebtedness or any interest therein is not assigned or transferred.

8. If: (a) this Guaranty is placed in the hands of an attorney for collection or is collected through any legal proceeding; (b) an attorney is retained to represent Lender in any bankruptcy, reorganization, receivership, or other proceedings affecting creditors' rights and involving a claim under this Guaranty; (c) an attorney is retained to provide advice or other representation regarding the enforcement of this Guaranty; or (d) an attorney is retained to represent Lender in any proceedings whatsoever in connection with this Guaranty and Lender prevails in any such proceedings, then Guarantor shall pay to Lender upon demand all reasonable out-of-pocket attorney's fees, out-of-pocket costs and expenses incurred in connection therewith (all of which are referred to herein as “**Enforcement Costs**”), in addition to all other amounts due hereunder, regardless of whether all or a portion of such Enforcement Costs are incurred in a single proceeding brought to enforce this Guaranty as well as the other Loan Documents.

9. The parties hereto intend and believe that each provision in this Guaranty comports with all applicable local, state and federal laws and judicial decisions. However, if any provision or provisions, or if any portion of any provision or provisions, in this Guaranty is found by a court of law to be in violation of any applicable local, state or federal ordinance, statute, law, administrative or judicial decision, or public policy, and if such court should declare such portion, provision or provisions of this Guaranty to be illegal, invalid, unlawful, void or unenforceable as written, then it is the intent of all parties hereto that such portion, provision or provisions shall be given force to the fullest possible extent that they are legal, valid and enforceable, that the remainder of this Guaranty shall be construed as if such illegal, invalid, unlawful, void or unenforceable portion, provision or provisions were not contained therein, and that the rights, obligations and interest of Lender or the holder of the Note under the remainder of this Guaranty shall continue in full force and effect.

10. TO THE GREATEST EXTENT PERMITTED BY LAW, GUARANTOR HEREBY WAIVES ANY AND ALL RIGHTS TO REQUIRE MARSHALLING OF ASSETS BY LENDER. WITH RESPECT TO ANY SUIT, ACTION OR PROCEEDINGS RELATING TO THIS GUARANTY (EACH, A “PROCEEDING”), EACH OF LENDER AND

GUARANTOR IRREVOCABLY (A) SUBMITS TO THE NON-EXCLUSIVE JURISDICTION OF THE STATE AND FEDERAL COURTS HAVING JURISDICTION IN THE CITY OF DALLAS AND STATE OF TEXAS, AND (B) WAIVES ANY OBJECTION WHICH IT MAY HAVE AT ANY TIME TO THE LAYING OF VENUE OF ANY PROCEEDING BROUGHT IN ANY SUCH COURT, WAIVES ANY CLAIM THAT ANY PROCEEDING HAS BEEN BROUGHT IN AN INCONVENIENT FORUM AND FURTHER WAIVES THE RIGHT TO OBJECT, WITH RESPECT TO SUCH PROCEEDING, THAT SUCH COURT DOES NOT HAVE JURISDICTION OVER SUCH PARTY. NOTHING IN THIS GUARANTY SHALL PRECLUDE LENDER FROM BRINGING A PROCEEDING IN ANY OTHER JURISDICTION NOR WILL THE BRINGING OF A PROCEEDING IN ANY ONE OR MORE JURISDICTIONS PRECLUDE THE BRINGING OF A PROCEEDING IN ANY OTHER JURISDICTION. LENDER AND GUARANTOR FURTHER AGREE AND CONSENT THAT, IN ADDITION TO ANY METHODS OF SERVICE OF PROCESS PROVIDED FOR UNDER APPLICABLE LAW, ALL SERVICE OF PROCESS IN ANY PROCEEDING IN ANY TEXAS STATE OR UNITED STATES COURT SITTING IN THE CITY OF DALLAS, TEXAS MAY BE MADE BY CERTIFIED OR REGISTERED MAIL, RETURN RECEIPT REQUESTED, DIRECTED TO THE APPLICABLE PARTY AT THE ADDRESS INDICATED BELOW, AND SERVICE SO MADE SHALL BE COMPLETE UPON RECEIPT; EXCEPT THAT IF SUCH PARTY SHALL REFUSE TO ACCEPT DELIVERY, SERVICE SHALL BE DEEMED COMPLETE FIVE (5) DAYS AFTER THE SAME SHALL HAVE BEEN SO MAILED.

11. Any indebtedness of Borrower to Guarantor now or hereafter existing is hereby subordinated to the payment of the Indebtedness. Guarantor agrees that, until the entire Indebtedness has been paid in full or the Loan has been paid in full by Borrower or Guarantor, Guarantor will not seek, accept, or retain for its own account, any payment from Borrower on account of such subordinated debt other than as permitted under the Loan Agreement. Any payments to Guarantor (other than as permitted under the Loan Agreement) on account of such subordinated debt shall be collected and received by Guarantor in trust for Lender and shall be paid over to Lender on account of the Indebtedness without impairing or releasing the obligations of Guarantor hereunder.

12. Any amounts received by Lender from any source on account of the Loan may be utilized by Lender for the payment of the Indebtedness and any other obligations of Borrower to Lender in such order as set forth in the Loan Documents.

13. GUARANTOR AND LENDER (BY ITS ACCEPTANCE HEREOF) HEREBY WAIVE ANY RIGHT TO A TRIAL BY JURY IN ANY ACTION OR PROCEEDING TO ENFORCE OR DEFEND ANY RIGHT UNDER THIS GUARANTY OR ANY OTHER LOAN DOCUMENT OR RELATING THERETO OR ARISING FROM THE LENDING RELATIONSHIP WHICH IS THE SUBJECT OF THIS GUARANTY AND AGREE THAT ANY SUCH ACTION OR PROCEEDING SHALL BE TRIED BEFORE A COURT AND NOT BEFORE A JURY.

14. Any notice, demand, request or other communication which any party hereto may be required or may desire to give hereunder shall be in writing and shall be deemed to have been properly given (a) if hand delivered, when delivered; (b) if mailed by United States Certified Mail (postage prepaid, return receipt requested), three Business Days after mailing (c) if by Federal Express or other reliable overnight courier service, on the next Business Day after delivered to such courier service or

(d) if by telecopier on the day of transmission so long as copy is sent on the same day by overnight courier as set forth below:

Guarantor: Nexpoint Diversified Real Estate Operating Partnership, L.P.
300 Crescent Court, Suite 700
Dallas, TX 75201
Attention: Legal Department
Email: legal@nexpoint.com

If to Lender: The Ohio State Life Insurance Company
300 Crescent Court, Suite 700
Dallas, TX 75201
Attention: Chris Rice
Telephone: (214) 550-4549
Facsimile: (214) 292-8832

With a copy to: Wick Phillips Gould & Martin, LLP
3131 McKinney Avenue, Suite 500
Dallas, Texas 75204
Attention: Isaac J. Brown
Telephone: (214) 740-4037
Facsimile: (214) 692-6255

or at such other address as the party to be served with notice may have furnished in writing to the party seeking or desiring to serve notice as a place for the service of notice.

15. In order to induce Lender to make the Loan, Guarantor makes the following representations and warranties to Lender set forth in this Section. Guarantor acknowledges that but for the truth and accuracy of the matters covered by the following representations and warranties, Lender would not have agreed to make the Loan.

(a) Guarantor is qualified to do business and is in good standing in any state necessary in the conduct of its business.

(b) Guarantor maintains an office at the address as set forth for such party in Section 14.

(c) Any and all balance sheets, net worth statements, and other financial data with respect to Guarantor which have heretofore been given to Lender by or on behalf of Guarantor fairly and accurately present the financial condition of Guarantor in all material respects as of the respective dates thereof.

(d) The execution, delivery, and performance by Guarantor of this Guaranty does not and will not, to the knowledge of the Guarantor, contravene or conflict with (i) any Laws, order, rule, regulation, writ, injunction or decree now in effect of any Government Authority, or court having jurisdiction over Guarantor, (ii) any contractual restriction binding on or affecting Guarantor or Guarantor's property or assets which may adversely affect Guarantor's ability to fulfill its obligations under this Guaranty, or (iii) the instruments creating any trust holding title to any assets included in Guarantor's financial statements.

(e) This Guaranty creates legal, valid, and binding obligations of Guarantor enforceable in accordance with its terms.

(f) Except as disclosed in writing to Lender, there is no action, proceeding, or investigation pending or, to the knowledge of Guarantor, threatened or affecting Guarantor, which may adversely affect Guarantor's ability to fulfill his obligations under this Guaranty. To the best of Guarantor's knowledge, there are no existing judgments or orders for the payment of money rendered against Guarantor for an amount in excess of \$50,000 which have been undischarged for a period of ten (10) or more consecutive days and the enforcement of which is not stayed by reason of a pending appeal or otherwise. To the best of Guarantor's knowledge, Guarantor is not currently in default under any agreements which may adversely affect Guarantor's ability to fulfill its obligations under this Guaranty.

(g) All statements set forth in the Recitals are true and correct.

All of the foregoing representations and warranties shall be deemed remade on the date of the first disbursement of Loan proceeds, on the date of each advance of Loan proceeds, and upon any extension of the Loan pursuant to the Loan Agreement. Guarantor hereby agrees to indemnify and hold Lender free and harmless from and against all loss, out-of-pocket cost, liability, damage, and expense, including reasonable out-of-pocket attorney's fees and costs, which Lender actually incurs by reason of the inaccuracy or breach of any of the foregoing representations and warranties as of the date the foregoing representations and warranties are made and are remade.

16. Guarantor shall deliver or cause to be delivered to Lender all of the Guarantor financial statements to be delivered in accordance with the terms of the Loan Agreement.

17. This Guaranty shall be binding upon the heirs, executors, legal and personal representatives, successors and assigns of Guarantor and shall not be discharged in whole or in part by the death of Guarantor. If more than one party executes this Guaranty, the liability of all such parties shall be joint and several.

18. THIS GUARANTY, THE NOTE, AND ALL OTHER INSTRUMENTS EVIDENCING AND SECURING THE LOAN WERE NEGOTIATED IN THE STATE OF TEXAS, AND DELIVERED BY GUARANTOR OR BORROWER, AS APPLICABLE, AND ACCEPTED BY LENDER IN THE STATE OF TEXAS, WHICH STATE THE PARTIES AGREE HAS A SUBSTANTIAL RELATIONSHIP TO THE PARTIES AND THE UNDERLYING TRANSACTIONS EMBODIED HEREBY. IN ALL RESPECTS, INCLUDING, WITHOUT LIMITATION, MATTERS OF CONSTRUCTION OF THE IMPROVEMENTS AND PERFORMANCE OF THIS GUARANTY AND THE OBLIGATIONS ARISING HEREUNDER, THIS GUARANTY SHALL BE GOVERNED BY, AND CONSTRUED IN ACCORDANCE WITH, THE INTERNAL LAWS OF THE STATE OF TEXAS APPLICABLE TO CONTRACTS MADE AND TO BE PERFORMED IN SUCH STATE AND ANY APPLICABLE LAWS OF THE UNITED STATES OF AMERICA.

19. Lender shall be entitled to honor any request for Loan proceeds made by Borrower and shall have no obligation to see to the proper disposition of such advances. Guarantor agrees that his obligations hereunder shall not be released or affected by reason of any improper disposition by Borrower of such Loan proceeds.

20. This Guaranty may be executed in any number of counterparts and by different parties hereto in separate counterparts, each of which when so executed shall be deemed to be an original and all of which taken together shall constitute one and the same instrument.

[Signature page follows]

IN WITNESS WHEREOF, Guarantor has delivered this Guaranty in the State of Texas as of the date first written above.

GUARANTOR:

**NEXPOINT DIVERSIFIED REAL ESTATE OPERATING PARTNERSHIP,
L.P.**

a Delaware limited partnership

By: /s/ Paul Richards

Name: Paul Richards

Title: Authorized Representative

[Carveout Guaranty]

NEXPOINT DIVERSIFIED REAL ESTATE TRUST
INSIDER TRADING POLICY

I. Introduction

The purpose of this Insider Trading Policy (this “Policy”) is to promote compliance with applicable securities laws by NexPoint Diversified Real Estate Trust (the “Company”) and its subsidiaries and all trustees, officers and employees thereof (and members of the foregoing persons’ immediate families and households), in order to preserve the reputation and integrity of the Company and the Adviser (as defined in Section IX below), as well as that of all persons affiliated with them. Questions regarding this Policy should be directed to the general counsel or the appropriate compliance officer of the Company.

II. Policy

It is the Company’s policy to comply with all applicable federal and state securities laws, including those relating to buying or selling securities in the Company (“Company Securities”). In the course of conducting the Company’s business, employees or representatives may become aware of material, nonpublic information regarding the Company, its subsidiaries and divisions, or other companies with which we do business (this so-called “material, nonpublic information” is defined in Section IV below). Employees or agents of the Company and members of their immediate families may not buy or sell Company Securities, or securities of any other publicly held company, while in possession of material, nonpublic information obtained during the course of employment or other involvement with Company business, even if the decision to buy or sell is not based upon the material, nonpublic information.

In addition, entities such as trusts or foundations over which an employee has control, may not buy or sell securities while the employee is in possession of such material, nonpublic information. If you have material, nonpublic information, you may not disclose that information to others, even to family members or other employees, except for employees whose job responsibilities require the information.

This Policy will continue to apply to any employee or agent whose relationship with the Company terminates as long as the individual possesses material, nonpublic information that he or she obtained in the course of their employment or relationship with the Company.

For additional information regarding the persons covered by this Policy, see Section IX below.

III. Applicability

The general policy stated above applies to all employees. In order to ensure compliance with this Policy, the Board of Trustees of the Company has adopted the following additional procedures, which apply to trustees, officers and certain employees and representatives of the Company and its wholly owned subsidiaries, as specified in Annex A (“Covered Persons”) and their Related Persons (as defined in Section IV.D. below). The Company has determined that these Covered Persons are likely to have access to material, nonpublic information by virtue of their position with the Company. These procedures apply regardless of the dollar amount of the trade or the source of the material, nonpublic information. Any questions regarding the applicability of this Policy to a specific situation should be referred to the Company’s general counsel or the appropriate compliance officer.

IV. Definition/Explanations

A. Who is an “Insider”?

The concept of “insider” is broad. Any person who possesses material, nonpublic information is considered an insider as to that information. Insiders include Company trustees, officers, employees, independent contractors and those persons in a special relationship with the Company (e.g., its auditors, consultants or attorneys). The definition of an insider is transaction specific; that is, an individual is an insider with respect to each material, nonpublic item of which he or she is aware.

B. What is “Material” Information?

The materiality of a fact depends upon the circumstances. A fact is considered “material” if there is a substantial likelihood that a reasonable investor would consider it important in making a decision to buy, sell or hold a security or where the fact is likely to have a significant effect on the market price of the security. Material information can be positive or negative and can relate to virtually any aspect of a company’s business or to any type of security, debt or equity. Some examples of material information include:

- unpublished financial results (including earnings estimates);
- news of a pending or proposed company transaction;
- major litigation;
- recapitalizations;
- significant changes in corporate objectives;
- a change in control or a significant change in management;
- news of a significant sale of assets;
- changes in dividend policies;
- financial liquidity problems; and
- cybersecurity attacks, breaches or other incidents.

The above list is only illustrative and many other types of information may be considered “material” depending on the circumstances. The materiality of particular information is subject to reassessment on a regular basis. When in doubt, please contact the Company’s general counsel or the appropriate compliance officer.

C. What is “Nonpublic” Information?

Information is “nonpublic” if it is not available to the general public. In order for information to be considered public, it must be widely disseminated in a manner making it generally available to investors through a report filed with the Securities and Exchange Commission (the “SEC”), or through such media as Dow Jones, Reuters, The Wall Street Journal or Associated Press. The circulation of rumors, even if accurate and reported in the media, does not constitute effective public dissemination. In addition, even after a public announcement of material information, a reasonable period of time must elapse in order for the market to react to the information. However, in accordance with SEC guidance, if the information becomes publicly available on EDGAR, no waiting time is necessary.

Unless available on EDGAR, generally, one should allow at least one full trading day following publication as a reasonable waiting period before such information is deemed to be public. Therefore, if an announcement is made before the commencement of trading on a

Monday, an employee may trade in Company Securities as early as Tuesday of that week, because one full trading day would have elapsed by then (all of Monday). If the announcement is made on Monday after trading begins, employees may not trade in Company Securities until Wednesday. If the announcement is made on Friday after trading begins, employees may not trade in Company Securities until Tuesday of the following week. Note that this restriction is in addition to any other restrictions that apply under this Policy, including the requirement that trades be pre-cleared (see Section V.C. below) and that trading may not occur during Blackout Periods (as defined in Section V.G. below).

D. Who is a “Related Person”?

For purposes of this Policy, a “Related Person” includes (1) your spouse, minor children and anyone else living in your household, (2) partnerships in which you are a general partner, (3) corporations in which you either singly or together with other “Related Persons” own a controlling interest, (4) trusts of which you are a trustee, settlor or beneficiary, (5) estates of which you are an executor or beneficiary, or (6) any other group or entity where the insider has or shares with others the power to decide whether to buy Company Securities. Although a person’s parent, child or sibling may not be considered a Related Person (unless living in the same household), a parent or sibling may be a “tippee” for securities laws purposes. See Section V.D. below for a discussion on the prohibition on “tipping.”

V. Guidelines

A. Non-disclosure of Material, Nonpublic Information

Material, nonpublic information must not be disclosed to anyone, except the designated persons within the Company or certain third-party agents of the Company (such as investment banking advisors or outside legal counsel) whose positions require them to know it, until such information has been publicly released by the Company.

B. Prohibited Trading in Company Securities

No Covered Persons or their Related Persons may place a purchase or sell order or recommend that another person place a purchase or sell order in Company Securities (including initial elections, changes in elections or reallocation of funds relating to 401(k) plan accounts, but excluding the exercise of options under a Company equity plan if such exercise does not involve the sale of any Company Securities) during a Blackout Period (as defined in Section V.G. below) or when he or she has knowledge of material information concerning the Company that has not been disclosed to the public. In addition, in some circumstances the Company’s trustees and officers may be prohibited from trading in Company Securities during any period when certain participants or beneficiaries of individual account plans (such as some pension fund plans) maintained by the Company are subject to a temporary trading suspension in Company Securities.

C. Twenty-Twenty Hindsight/Pre-Clearance

If securities transactions ever become the subject of scrutiny, they are likely to be viewed after-the-fact with the benefit of hindsight. Therefore, Covered Persons must obtain prior clearance from the Company’s general counsel or the appropriate compliance officer, or his or her designee, before he, she or any of his or her Related Persons makes *any* purchases or sales of Company Securities. An exercise of a share option under a Company equity plan need not be pre-cleared if such exercise does not involve the sale of any Company Securities. Each proposed

transaction will be evaluated to determine if it raises insider trading concerns or other concerns under the federal or state securities laws and regulations. Any advice will relate solely to the restraints imposed by law and will not constitute advice regarding the investment aspects of any transaction. Clearance of a transaction is valid only for a 48-hour period. If the transaction order is not placed within that 48-hour period, clearance of the transaction must be re-requested. If clearance is denied, the fact of such denial must be kept confidential by the person requesting such clearance.

D. “Tipping” Information to Others

Insiders may be liable for communicating or tipping material, nonpublic information to any third party (“tippee”), not limited to just Related Persons. Further, insider trading violations are not limited to trading or tipping by insiders. Persons other than insiders also can be liable for insider trading, including tippees who trade on material, nonpublic information tipped to them and individuals who trade on material, nonpublic information which has been misappropriated. Tippees inherit an insider’s duties and are liable for trading on material, nonpublic information illegally tipped to them by an insider. Similarly, just as insiders are liable for the insider trading of their tippees, so are tippees who pass the information along to others who trade. In other words, a tippee’s liability for insider trading is no different from that of an insider. Tippees can obtain material, nonpublic information by receiving overt tips from others or through, among other things, conversations at social, business or other gatherings. Therefore, it is the Company’s policy that Covered Persons are required to keep completely and strictly confidential all nonpublic information relating to the Company.

E. Avoid Speculation

Covered Persons and their Related Persons may not trade in options, warrants, puts and calls or similar instruments on Company Securities or sell Company Securities “short.” In addition, Covered Persons and their Related Persons should consult the general counsel or the appropriate compliance officer regarding the holding of Company Securities in margin accounts. Investing in Company Securities provides an opportunity to share in the future growth of the Company. Investment in the Company and sharing in the growth of the Company, however, does not mean short-range speculation based on fluctuations in the market. Such activities may put the personal gain of the Covered Person or Related Person in conflict with the best interests of the Company and its securityholders. Except as required to perform their job, Covered Persons and their Related Persons are also prohibited from discussing the Company, its business or its shares online or on social media.

Anyone may, of course, exercise options granted to them by the Company and, subject to the restrictions discussed in this Policy and other applicable Company policies, sell shares acquired through exercise of options.

F. Trading in Securities of Other Public Companies

No Covered Person or Related Person may place purchase or sell orders or recommend that another person place a purchase or sell order in the securities of another company if the person learns of material, nonpublic information about the other company in the course of his/her service to, or employment with, the Company.

G. Trading Restrictions

In addition to being subject to all of the other limitations in this Policy, Covered Persons and their Related Persons may not buy or sell Company Securities in the public market beginning as of the commencement of trading on the tenth day of the month following the end of each fiscal quarter and ending as of the commencement of trading on the second trading day after the release of the Company's quarterly or annual report or earnings release (the "**Blackout Period**"). This Policy does not apply to the exercise of share options under a Company equity plan if such exercise does not involve the sale of any Company Securities. In addition, you should remember that *even if* a Blackout Period is not in effect you cannot trade if you are in possession of material, nonpublic information, and *you still must receive pre-clearance*.

From time to time, the Company, through the general counsel or the appropriate compliance officer, may also close trading during a non-Blackout Period in light of developments that could involve material, nonpublic information. In these situations, the general counsel or the appropriate compliance officer will notify particular individuals that they should not engage in trading of Company Securities (except as permitted under a Rule 10b5-1 plan as described below) and should not disclose to others the fact that a temporary ban on trading has been imposed. If the relationship of an individual with the Company should terminate while such a notice is in effect, the prohibition will continue to apply until the general counsel or the appropriate compliance officer gives notice that the ban has been lifted.

H. Pre-arranged Trading Plans

SEC Rule 10b5-1(c) provides a defense from insider trading liability if trades occur pursuant to a pre-arranged "trading plan" that meets specified conditions. Under this rule, if you enter into a binding contract, an instruction or a written plan that specifies the amount, price and date on which securities are to be purchased or sold, and if these arrangements are established at a time when you do not possess material, nonpublic information, you entered the contract, instruction or written plan in good faith, and purchases and sales under the contract, instruction or plan do not start until the applicable cooling-off period expires, then you may claim a defense to insider trading liability if the transactions under the trading plan occur at a time when you have subsequently learned of material, nonpublic information. Arrangements under the rule may specify the amount, price and date through a formula or may specify trading parameters which another person has discretion to administer, but you must not exercise any subsequent discretion affecting the transactions, and if your broker or any other person exercises discretion in implementing the trades, you must not influence his or her actions and he or she must not possess any material, nonpublic information at the time of the trades. Trading plans can be established for a single trade or a series of trades subject to the limitations on SEC Rule 10b5-1. The Company prefers that your trading plan provide for trades quarterly during a non-Blackout Period.

It is important that you document the details of a trading plan properly. Please note that, in addition to the requirements of a trading plan described above, there are a number of additional procedural conditions to Rule 10b5-1(c) that must be satisfied before you can rely on a trading plan as an affirmative defense against an insider trading charge. These requirements include, among others, that you act in good faith, that you not modify your trading instructions while you possess material, nonpublic information and that you not enter into or alter a corresponding or hedging transaction or position. Because this rule is complex, the Company recommends that you work with a broker and the general counsel or the appropriate compliance officer and be sure you fully understand the limitations and conditions of the rule before you establish a trading plan.

All trading plans, including any amendment or modification of an existing trading plan, must be reviewed and approved by the general counsel or the appropriate compliance officer before they are implemented. The general counsel or the appropriate compliance officer maintains guidelines that all plans must meet in order to be considered for approval. These guidelines include the requirement that a plan, including any amendment or modification of an existing trading plan, only be entered into during non-Blackout Periods. In addition, you must notify the general counsel before terminating any existing trading plan.

I. No Circumvention

No circumvention of this Policy is permitted. Do not try to accomplish indirectly what is prohibited directly by this Policy. The short-term benefits to an individual cannot outweigh the potential liability that may result when an employee is involved in the illegal trading of securities.

VI. Penalties for Insider Trading

Penalties for trading on or communicating material, nonpublic information are severe, both for individuals involved in such unlawful conduct and their employers. A person can be subject to some or all of the penalties below even if he or she does not permanently benefit from the violation. Penalties include:

- civil injunctions;
- treble damages;
- disgorgement of profits;
- jail sentences of up to 20 years and criminal fines of up to \$5 million per violation;
- civil fines for the person who committed the violation of up to three times the profit gained or loss avoided, whether or not the person actually benefited;
- fines for the employer or other controlling/supervisory person of up to the greater of \$1.2 million or three times the amount of the profit gained or loss avoided plus, in the case of entities only, a criminal penalty of up to \$2.5 million; and
- criminal penalties up to 25 years in prison for knowingly executing a "scheme or artifice to defraud any person" in connection with any registered securities.

In addition, any violation of this Policy statement can be expected to result in serious sanctions by the Company, including dismissal of the persons involved.

VII. Acknowledgment

All Covered Persons must certify in writing that they have read and intend to comply with the procedures set forth in this Policy. See Annex B. Additionally, your broker-dealer will need to sign a Broker Instruction and Representation Letter in the event you establish a Rule 10b5-1 trading plan. See Annex C for a sample of such letter.

VIII. Amendment; Waivers

The Board of Trustees of the Company reserves the right to amend this Policy at any time. The Board of Trustees of the Company, a committee of the Board, and, in some circumstances, their designees, may grant a waiver of this Policy on a case-by-case basis, but only under special circumstances.

IX. Other

For purposes of this Policy, the terms “officers,” “employees,” “general counsel or the appropriate compliance officer,” “representatives,” “agents,” “Covered Persons” and “insiders” include, and this Policy applies to, individuals that are employed by NexPoint Real Estate Advisors X, L.P. (the “Adviser”), or an affiliate of the Adviser, and perform roles on behalf of the Company pursuant to the Advisory Agreement by and among the Company and the Adviser, as may be amended or restated from time to time.

Adopted and Approved: October 27, 2025

ANNEX A

Covered Persons

[On file with the Company.]

ANNEX B

ACKNOWLEDGEMENT OF POLICY

NexPoint Diversified Real Estate Trust
300 Crescent Court
Suite 700
Dallas, Texas 75201

To the Board of Trustees:

I acknowledge that I have read and understand the NexPoint Diversified Real Estate Trust Insider Trading Policy and agree to abide by its provisions.

Signature:
Name (Please Print):
Date:
Address:

Email:

ANNEX C

NEXPOINT DIVERSIFIED REAL ESTATE TRUST
Sample Broker Instruction/Representation Letter

(Name of Employee)
(Address)
(Telephone/Fax/E-mail)

(Date)

(Name of Broker)
(Name of Brokerage House)
(Address)

Dear (Name of Broker):

With regard to my holdings of securities in NexPoint Diversified Real Estate Trust (the "Company") and those of my related parties, (names of related parties), held in my account with you, I instruct you:

1. Not to enter any order (except for orders under and pursuant to pre-approved Rule 10b5-1 plans) without first:
 - verifying with the Company that the transaction was pre-cleared by calling [●], at [●], or the [●] at [●]; and
 - complying with your firm's compliance procedures (e.g., Rule 144)
2. To report immediately to the Company via telephone at [●]; and in writing via e-mail to [●] or [●] or by fax to [●] the details of every transaction involving Company shares including gifts, transfers, pledges, and all Rule 10b5-1 transactions.

Please execute and return both of the enclosed copies of this representation letter in the enclosed business-reply envelope to:

NexPoint Diversified Real Estate Trust
300 Crescent Court
Suite 700
Dallas, Texas 75201

Sincerely,

/s/ (Employee)

Acknowledgement

On behalf of (Name of Brokerage Firm) and myself, I acknowledge the foregoing instructions with regard to the holdings of (Name of Insider) and his/her related parties holdings of securities of NexPoint Diversified Real Estate Trust and signify my agreement to comply with them.

/s/ _____ Date ____/____/____
Name of Broker

List of Subsidiaries of the Registrant

Subsidiary	Jurisdiction of Organization
NexPoint Diversified Real Estate Trust OP GP, LLC	Delaware
NexPoint Diversified Real Estate Trust Operating Partnership, L.P.	Delaware
NexPoint Dominion Land, LLC	Delaware
NexPoint Real Estate Capital, LLC	Delaware
NexPoint Real Estate Opportunities, LLC	Delaware
NHF TRS, LLC	Delaware
CP Tower Owner, LLC	Delaware
NXDT Hospitality Holdco, LLC	Delaware
NHT SP TRS, LLC	Delaware

KPMG LLP
Suite 1400
2323 Ross Avenue
Dallas, TX 75201-2721

Consent of Independent Registered Public Accounting Firm

We consent to the incorporation by reference in the registration statements (Nos. 333-289799, 333-280953, and 333-280954) on Form S-3, 333-287980, 333-286498, and 333-284099 on Form S-4, and 333-287923 and 333-269602 on Form S-8 of our report dated March 31, 2026, with respect to the consolidated financial statements of NexPoint Diversified Real Estate Trust.

/s/ KPMG LLP

Dallas, Texas
March 31, 2026

KPMG LLP, a Delaware limited liability partnership and a member firm of the KPMG global organization of independent member firms affiliated with KPMG International Limited, a private English company limited by guarantee.

**CERTIFICATION OF PRINCIPAL EXECUTIVE OFFICER PURSUANT TO
SECTION 302 OF THE SARBANES-OXLEY ACT OF 2002**

I, Jim Dondero, certify that:

1. I have reviewed this Annual Report on Form 10-K of NexPoint Diversified Real Estate Trust;
2. Based on my knowledge, this report does not contain any untrue statement of a material fact or omit to state a material fact necessary to make the statements made, in light of the circumstances under which such statements were made, not misleading with respect to the period covered by this report;
3. Based on my knowledge, the financial statements, and other financial information included in this report, fairly present in all material respects the financial condition, results of operations and cash flows of the registrant as of, and for, the periods presented in this report;
4. The registrant's other certifying officer and I are responsible for establishing and maintaining disclosure controls and procedures (as defined in Exchange Act Rules 13a-15(e) and 15d-15(e)) and internal control over financial reporting (as defined in Exchange Act Rules 13a-15(f) and 15d-15(f)) for the registrant and have:
 - a) designed such disclosure controls and procedures, or caused such disclosure controls and procedures to be designed under our supervision, to ensure that material information relating to the registrant, including its consolidated subsidiaries, is made known to us by others within those entities, particularly during the period in which this report is being prepared;
 - b) designed such internal control over financial reporting, or caused such internal control over financial reporting to be designed under our supervision, to provide reasonable assurance regarding the reliability of financial reporting and the preparation of financial statements for external purposes in accordance with generally accepted accounting principles;
 - c) evaluated the effectiveness of the registrant's disclosure controls and procedures and presented in this report our conclusions about the effectiveness of the disclosure controls and procedures, as of the end of the period covered by this report based on such evaluation; and
 - d) disclosed in this report any change in the registrant's internal control over financial reporting that occurred during the registrant's most recent fiscal quarter (the registrant's fourth fiscal quarter in the case of an annual report) that has materially affected, or is reasonably likely to materially affect, the registrant's internal control over financial reporting; and
5. The registrant's other certifying officer and I have disclosed, based on our most recent evaluation of internal control over financial reporting, to the registrant's auditors and the audit committee of the registrant's board of directors (or persons performing the equivalent functions):
 - a) all significant deficiencies and material weaknesses in the design or operation of internal control over financial reporting which are reasonably likely to adversely affect the registrant's ability to record, process, summarize and report financial information; and
 - b) any fraud, whether or not material, that involves management or other employees who have a significant role in the registrant's internal control over financial reporting.

Date: March 31, 2026

/s/ Jim Dondero

Jim Dondero

President

(Principal Executive Officer)

**CERTIFICATION OF PRINCIPAL FINANCIAL OFFICER PURSUANT TO
SECTION 302 OF THE SARBANES-OXLEY ACT OF 2002**

I, Paul Richards, certify that:

1. I have reviewed this Annual Report on Form 10-K of NexPoint Diversified Real Estate Trust;
2. Based on my knowledge, this report does not contain any untrue statement of a material fact or omit to state a material fact necessary to make the statements made, in light of the circumstances under which such statements were made, not misleading with respect to the period covered by this report;
3. Based on my knowledge, the financial statements, and other financial information included in this report, fairly present in all material respects the financial condition, results of operations and cash flows of the registrant as of, and for, the periods presented in this report;
4. The registrant's other certifying officer and I are responsible for establishing and maintaining disclosure controls and procedures (as defined in Exchange Act Rules 13a-15(e) and 15d-15(e)) and internal control over financial reporting (as defined in Exchange Act Rules 13a-15(f) and 15d-15(f)) for the registrant and have:
 - a) designed such disclosure controls and procedures, or caused such disclosure controls and procedures to be designed under our supervision, to ensure that material information relating to the registrant, including its consolidated subsidiaries, is made known to us by others within those entities, particularly during the period in which this report is being prepared;
 - b) designed such internal control over financial reporting, or caused such internal control over financial reporting to be designed under our supervision, to provide reasonable assurance regarding the reliability of financial reporting and the preparation of financial statements for external purposes in accordance with generally accepted accounting principles;
 - c) evaluated the effectiveness of the registrant's disclosure controls and procedures and presented in this report our conclusions about the effectiveness of the disclosure controls and procedures, as of the end of the period covered by this report based on such evaluation; and
 - d) disclosed in this report any change in the registrant's internal control over financial reporting that occurred during the registrant's most recent fiscal quarter (the registrant's fourth fiscal quarter in the case of an annual report) that has materially affected, or is reasonably likely to materially affect, the registrant's internal control over financial reporting; and
5. The registrant's other certifying officer and I have disclosed, based on our most recent evaluation of internal control over financial reporting, to the registrant's auditors and the audit committee of the registrant's board of directors (or persons performing the equivalent functions):
 - a) all significant deficiencies and material weaknesses in the design or operation of internal control over financial reporting which are reasonably likely to adversely affect the registrant's ability to record, process, summarize and report financial information; and
 - b) any fraud, whether or not material, that involves management or other employees who have a significant role in the registrant's internal control over financial reporting.

Date: March 31, 2026

/s/ Paul Richards

Paul Richards

Chief Financial Officer, Executive VP-
Finance, Treasurer and Assistant Secretary
(Principal Financial Officer)

**CERTIFICATIONS PURSUANT TO 18 U.S.C. SECTION 1350,
AS ADOPTED PURSUANT TO SECTION 906 OF
THE SARBANES-OXLEY ACT OF 2002**

In connection with the Annual Report on Form 10-K of NexPoint Diversified Real Estate Trust (the “Company”) for the period ending December 31, 2025, as filed with the Securities and Exchange Commission on the date hereof (the “Report”), the undersigned, Jim Dondero, President of the Company, and Paul Richards, Chief Financial Officer, of the Company, each certify, pursuant to 18 U.S.C. Section 1350, as adopted pursuant to Section 906 of the Sarbanes-Oxley Act of 2002 that:

1. The Report fully complies with the requirements of section 13(a) or 15(d) of the Securities Exchange Act of 1934; and
2. The information contained in the Report fairly presents, in all material respects, the financial condition and results of operations of the Company.

Dated: March 31, 2026

/s/ Jim Dondero

Jim Dondero

President

(Principal Executive Officer)

Dated: March 31, 2026

/s/ Paul Richards

Paul Richards

Chief Financial Officer, Executive VP

Finance, Treasurer and Assistant Secretary

(Principal Financial Officer)