

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

FORM 10-Q

(Mark One)

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

For the quarterly period ended March 31, 2026

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

(Registrant's telephone number, including area code)

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

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

Indicate by check mark whether the registrant (1) has filed all reports required to be filed by Section 13 or Section 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	<input type="checkbox"/>	Accelerated Filer	<input type="checkbox"/>
Non-Accelerated Filer	<input checked="" type="checkbox"/>	Smaller reporting company	<input checked="" type="checkbox"/>
Emerging growth company	<input type="checkbox"/>		

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 is a shell company (as defined in Rule 12b-2 of the Exchange Act). Yes No

As of May 14, 2026, the registrant had 51,723,778 common shares, par value \$0.001 per share, outstanding.

NEXPOINT DIVERSIFIED REAL ESTATE TRUST

Form 10-Q
Quarter Ended March 31, 2026

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Cautionary Statement Regarding Forward-Looking Statements

This quarterly report (this "Quarterly 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 business and investment strategies, liquidity and capital resources, our performance and results of operations, and expectations on our ability to refinance debt as necessary 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 Quarterly 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 (“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 Part I, Item 1A, “Risk Factors,” of our Annual Report on Form 10-K filed with the Securities and Exchange Commission (the “SEC”) on March 31, 2026.

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 Quarterly 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.

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

	March 31, 2026 (Unaudited)	December 31, 2025
ASSETS		
Consolidated Real Estate Investments		
Land	\$ 61,160	\$ 61,997
Buildings and improvements	291,740	317,395
Intangible lease assets	10,979	10,979
Construction in progress	22,025	21,237
Furniture, fixtures, and equipment	7,455	10,356
Right-of-use assets (\$488 and \$534 with related parties, respectively)	488	1,998
Total Gross Consolidated Real Estate Investments	393,847	423,962
Accumulated depreciation and amortization	(51,342)	(50,028)
Total Net Consolidated Real Estate Investments	342,505	373,934
Investments, at fair value (\$407,290 and \$421,746 with related parties, respectively)	556,109	568,610
Equity method investments (\$462 and \$700 with related parties, respectively)	33,299	33,788
Investments in DSTs (\$33,559 and \$33,559 with related parties, respectively)	33,559	33,559
Cash and cash equivalents	9,428	8,166
Restricted cash	39,721	43,241
Accounts receivable, net	2,292	2,868
Prepaid and other assets (\$58 and \$0 with related parties, respectively)	7,318	8,557
Accrued interest and dividends	2,062	1,366
Interest rate caps	—	65
Deferred tax asset, net	353	498
Total Assets	\$ 1,026,646	\$ 1,074,652
LIABILITIES AND EQUITY		
Liabilities:		
Mortgages payable, net (\$24,140 and \$10,000 with related parties, respectively)	\$ 195,879	\$ 224,995
Notes payable (\$64,082 and \$63,700 with related parties, respectively)	77,301	76,892
Prime brokerage borrowing	4,875	5,136
Accounts payable and other accrued liabilities	29,513	28,810
Income tax payable	470	273
Accrued real estate taxes payable	1,268	3,689
Accrued interest payable	11,333	10,627
Security deposit liability	395	403
Prepaid rents	301	437
Intangible lease liabilities, net	1,799	2,065
Lease liability (\$500 and \$546 with related parties, respectively)	500	546
Total Liabilities	323,634	353,873
Redeemable Series B Preferred Shares, \$0.001 par value: 16,000,000 authorized; 1,264,112 and 911,003 shares issued and outstanding, respectively	28,066	20,379
Redeemable noncontrolling interests in the OP	296	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; 51,650,102 and 50,132,605 shares issued and outstanding, respectively	52	50
Additional paid-in capital	1,068,562	1,062,114
Accumulated earnings (loss)	(392,957)	(362,076)
Common stock held in treasury at cost; 220,361 and 0 shares, respectively	(1,010)	—
Total Shareholders' Equity	674,650	700,091
TOTAL LIABILITIES AND EQUITY	\$ 1,026,646	\$ 1,074,652

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)
(Unaudited)

	For the Three Months Ended March 31,	
	2026	2025
Revenues		
Rental income (\$70 and \$69 with related parties, respectively)	\$ 2,892	\$ 3,645
Rooms	7,778	10,350
Food and beverage	798	889
Interest income (\$255 and \$545 with related parties, respectively)	3,394	2,102
Dividend income (\$7,656 and \$7,523 with related parties, respectively)	7,663	11,810
Other income	350	278
Total revenues	22,875	29,074
Expenses		
Property operating expenses (\$52 and \$61 with related parties, respectively)	5,653	6,961
Property management fees (\$199 and \$180 with related parties, respectively)	470	519
Real estate taxes and insurance	1,393	1,841
Advisory and administrative fees	3,085	3,642
Property general and administrative expenses (\$70 and \$69 with related parties, respectively)	1,670	1,991
Corporate general and administrative expenses	3,436	2,927
Depreciation and amortization	3,715	3,909
Impairment loss	—	1,752
Total expenses	19,422	23,542
Operating income	3,453	5,532
Interest expense (\$871 and \$562 with related parties, respectively)	(5,689)	(7,276)
Equity in losses of unconsolidated ventures (\$238 and \$46 with related parties, respectively)	(7)	(357)
Change in unrealized losses (\$14,338 and \$(19,936) with related parties, respectively)	(15,331)	(33,322)
Realized (losses) gains	(3)	1,519
(Loss) gain on sales of real estate	(2,784)	11
Net loss before income taxes	(20,361)	(33,893)
Income tax expense	(909)	(1,213)
Net loss	(21,270)	(35,106)
Net loss attributable to Series A Preferred Shareholders	(1,155)	(1,155)
Net loss attributable to Series B Preferred Shareholders	(554)	(2)
Net income attributable to noncontrolling interests in NHT	—	1,945
Net income attributable to redeemable noncontrolling interests in the OP	9	—
Net loss attributable to common shareholders	\$ (22,970)	\$ (34,318)
Weighted average common shares outstanding - basic	50,084	42,899
Weighted average common shares outstanding - diluted	50,084	42,899
Loss per share - basic	\$ (0.46)	\$ (0.80)
Loss per share - diluted	\$ (0.46)	\$ (0.80)

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)
(Unaudited)

	Series A Preferred Shares		Common Shares		Additional Paid-in Capital	Accumulated Earnings (Loss)	Common Stock Held in Treasury at Cost	Total
	Number of Shares	Amount	Number of Shares	Amount				
Three Months Ended March 31, 2026								
Balances, December 31, 2025	3,359,593	\$ 3	50,132, 605	\$ 50	\$ 1,062,114	\$ (362,076)	\$ —	\$ 700,091
Stock-based compensation expense	—	—	169,198	—	791	—	—	791
Shares issued to Adviser for admin and advisory fees	—	—	212,863	—	894	—	—	894
Net loss attributable to common shareholders	—	—	—	—	—	(22,970)	—	(22,970)
Net income attributable to Series A preferred shareholders	—	—	—	—	—	1,155	—	1,155
Repurchases of common stock	—	—	—	—	—	—	(2,250)	(2,250)
Retirement of common stock held in treasury	—	—	(295,076)	—	(1,240)	—	1,240	—
Common stock distributions declared (\$0.15 per share)	—	—	1,430,512	2	6,003	(7,911)	—	(1,906)
Series A Preferred distributions declared (\$0.34375 per share)	—	—	—	—	—	(1,155)	—	(1,155)
Balances, March 31, 2026	<u>3,359,593</u>	<u>\$ 3</u>	<u>51,650, 102</u>	<u>\$ 52</u>	<u>\$ 1,068,562</u>	<u>\$ (392,957)</u>	<u>\$ (1,010)</u>	<u>\$ 674,650</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)
(Unaudited)

Three Months Ended March 31, 2025	Series A Preferred Shares		Common Shares		Additional	Accumulated Earnings (Loss)	Noncontrolling Interests	Total
	Number of Shares	Amount	Number of Shares	Amount	Paid-in Capital			
Balances, December 31, 2024	3,359,593	\$ 3	42,679,569	\$ 43	\$ 1,039,280	\$ (202,818)	\$ (2,970)	\$ 833,538
Noncontrolling interests from NHT Acquisition	—	—	—	—	—	—	—	—
Stock-based compensation expense	—	—	243,569	—	482	—	—	482
Shares issued to Adviser for admin and advisory fees	—	—	257,553	—	1,502	—	—	1,502
Net loss attributable to common shareholders	—	—	—	—	—	(34,318)	—	(34,318)
Net loss attributable to noncontrolling interests	—	—	—	—	—	—	(1,945)	(1,945)
Net income attributable to Series A preferred shareholders	—	—	—	—	—	1,155	—	1,155
Common stock distributions declared (\$0.15 per share)	—	—	1,336,322	2	5,150	(6,611)	—	(1,459)
Series A Preferred distributions declared (\$0.34375 per share)	—	—	—	—	—	(1,155)	—	(1,155)
Balances, March 31, 2025	<u>3,359,593</u>	<u>\$ 3</u>	<u>44,517,013</u>	<u>\$ 45</u>	<u>\$ 1,046,414</u>	<u>\$ (243,747)</u>	<u>\$ (4,915)</u>	<u>\$ 797,800</u>

See Notes to Consolidated Financial Statements

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

	For the Three Months Ended March 31,	
	2026	2025
Cash flows from operating activities		
Net loss	\$ (21,270)	\$ (35,106)
Adjustments to reconcile net loss to net cash (used in) provided by operating activities:		
Depreciation and amortization	3,715	3,909
Amortization of intangible lease assets and liabilities	(250)	(249)
Amortization of deferred financing costs	205	143
Amortization of fair value adjustment of assumed debt	367	441
Paid-in-kind interest and dividends (\$1,439 and \$(1,398) with related parties, respectively)	(3,672)	(2,660)
Net cash (paid) received on derivative settlements	65	(540)
Proceeds from paid-in-kind interest and dividends (\$383 and \$0 with related parties, respectively)	393	10
Realized losses (gains)	3	(1,519)
Net change in unrealized loss on investments held at fair value (\$14,338 and \$19,936 with related parties, respectively)	15,331	33,322
Unrealized loss on interest rate derivatives	—	42
Impairment loss	—	1,752
Equity in losses of unconsolidated ventures (\$(238) and \$46 with related parties, respectively)	7	357
Distributions of earnings from unconsolidated ventures	1,329	2,104
Stock-based compensation expense	1,102	804
Loss (gain) on sales of real estate	2,784	(11)
Equity security dividends reinvested (\$(693) and \$(650) with related parties, respectively)	(693)	(650)
Deferred tax expense	145	499
Changes in operating assets and liabilities, net of effects of acquisitions:		
Income tax payable	197	471
Real estate taxes payable	(2,421)	1,214
Operating assets	972	1,096
Operating liabilities	1,193	1,647
Net cash (used in) provided by operating activities:	(498)	7,076
Cash flows from investing activities		
Proceeds from asset redemptions (\$2,101 and \$5,023 with related parties, respectively)	2,101	3,277
Sale of consolidated real estate investment	26,197	8,154
Proceeds from return of investment	—	15,054
Purchases of investments (\$962 and \$(2,049) with related parties, respectively)	(962)	(16,009)
Additions to consolidated real estate investments	(1,136)	(950)
Net cash provided by investing activities:	26,200	9,526
Cash flows from financing activities		
Mortgage proceeds received	39,390	—
Mortgage payments	(68,329)	(8,739)
Prime brokerage borrowing	58	70
Credit facilities payments	—	(3,000)
Prime brokerage payments	(319)	(50)
Deferred financing costs paid	(356)	(120)
Payments for taxes related to net share settlement of stock-based compensation	(311)	(322)
Proceeds from issuance of Series B Preferred Shares through public offering, net of offering costs	7,687	203
Repurchase of common shares	(2,250)	—
Distributions paid to Series A Preferred Shareholders	(1,155)	(1,155)
Distributions paid to Series B Preferred Shareholders	(554)	—
Distributions paid to common shareholders	(1,817)	(1,471)
Distributions to redeemable noncontrolling interests in the OP	(4)	—
Net cash used in financing activities:	(27,960)	(14,584)

Net decrease (increase) in cash, cash equivalents and restricted cash	(2,258)	2,018
Cash, cash equivalents and restricted cash, beginning of period	51,407	48,901
Cash, cash equivalents and restricted cash, end of period	<u>\$ 49,149</u>	<u>\$ 50,919</u>
Supplemental Disclosure of Cash Flow Information		
Interest paid	4,616	6,202
Supplemental Disclosure of Noncash Activities		
Non-cash distribution payment, paid in common shares	6,005	5,152
Non-cash advisory fee payment, paid in common shares	894	1,502
Increase in dividends payable upon vesting of restricted stock units	88	(10)
Change in capitalized construction costs included in accounts payable and other accrued liabilities	—	25

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 March 31, 2026, 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 March 31, 2026. 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. Summary of Significant Accounting Policies

Basis of Accounting

Readers of this Quarterly Report on Form 10-Q ("Quarterly Report") should refer to the audited financial statements and notes to consolidated financial statements of the Company for the year ended December 31, 2025, which are included in our [2025 Annual Report on Form 10-K \("2025 Annual Report"\)](#), filed with the SEC and also available on our website (nxdn.nexpoint.com), since we have omitted from this Quarterly Report certain footnote disclosures which would substantially duplicate those contained in such audited financial statements. You should also refer to Note 2, Summary of Significant Accounting Policies, in the notes to consolidated financial statements in our [2025 Annual Report](#) for further discussion of our significant accounting policies and estimates. Information contained on, or accessible through, our website is not incorporated by reference into and does not constitute a part of this Quarterly Report or any other report or documents we file or furnish with the SEC.

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 March 31, 2026, the Company believes it is in compliance with all applicable REIT requirements.

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 March 31,				As of December 31,			
	2026				2025			
	NHF TRS	NREO TRS	NHT TRSs	Combined	NHF TRS	NREO TRS	NHT TRSs	Combined
Deferred Tax Assets	\$ 13,567	\$ 603	\$ 4,929	\$ 19,099	\$ 13,913	\$ 583	\$ 5,050	\$ 19,546
Valuation Allowance	(11,140)	(137)	(4,929)	(16,206)	(11,486)	—	(5,050)	(16,536)
Deferred Tax Liability	—	(2,540)	—	(2,540)	—	(2,512)	-	(2,512)
Deferred Tax Asset (Liability), net of Valuation Allowance	\$ 2,427	\$ (2,074)	\$ —	\$ 353	\$ 2,427	\$ (1,929)	\$ —	\$ 498

The Company's tax provision for interim 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 three months ended March 31, 2026 and 2025 were (4.46)% and (3.58)%, 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 March 31, 2026 and 2025. The Company and its subsidiaries are subject to federal income tax as well as income tax of various state and local jurisdictions. The 2025, 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 three months ended March 31, 2026 and 2025.

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 three months ended March 31, 2026 and 2025, in accordance with the guidance prior to the adoption of ASU 2023-09. Income tax expense (benefit) for the three months ended March 31, 2025 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 Three Months Ended March 31,					
	2026		2025			
Expected tax at U.S. federal statutory income tax rate	\$	(4,276)	21.0%	\$	(7,118)	21.0%
Non-taxable REIT income		4,855	-23.8%		7,653	-22.6%
Change in valuation allowance		330	-1.6%		678	-2.0%
Total expense (benefit)	\$	909	-4.46%	\$	1,213	-3.6%

3. 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 March 31, 2026, the Company, through the OP, owned seven properties through SPEs, including four in the Diversified segment, and three 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 March 31, 2026 and December 31, 2025:

Property Name	Location	Year Acquired	Effective Ownership Percentage at	
			March 31, 2026	December 31, 2025
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%	100%
St. Petersburg Marriott	St. Petersburg, Florida	2018	(2) 100%	100%
Hyatt Place Park City	Park City, Utah	2022	(2) 100%	100%
Bradenton Hampton Inn & Suites	Bradenton, Florida	2022	(2) 0%(3)	100%

(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) Property was sold during the three months ended March 31, 2026.

4. Consolidated Real Estate Investments

As of March 31, 2026, 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	\$ 10,686	\$ 1,921	\$ (101)	\$ —	\$ —	\$ 13	\$ 13,834
5916 W Loop 289	851	2,594	—	—	—	—	—	3,445
Cityplace	18,812	195,416	9,058	(6,669)	—	19,280	379	236,276
NexPoint Dominion Land, LLC	26,500	—	—	—	—	—	—	26,500
Dallas Hilton Garden Inn	4,116	24,837	—	—	—	572	1,587	31,112
St. Petersburg Marriott	5,829	37,879	—	—	—	1,245	2,310	47,263
Hyatt Place Park City	3,737	20,328	—	—	—	928	3,166	28,159
HUB Research Triangle Park	—	—	—	—	488	—	—	488
	61,160	291,740	10,979	(6,770)	488	22,025	7,455	387,077
Accumulated depreciation and amortization	—	(39,515)	(9,411)	4,971	—	—	(2,416)	(46,371)
Total Operating Properties	\$ 61,160	\$ 252,225	\$ 1,568	\$ (1,799)	\$ 488	\$ 22,025	\$ 5,039	\$ 340,706

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

Depreciation expense was \$3.4 million for the three months ended March 31, 2026 and \$3.5 million for the three months ended March 31, 2025. Amortization expense related to the Company's intangible lease assets was \$0.2 million for the three months ended March 31, 2026 and \$0.2 million for the three months ended

March 31, 2025. Amortization expense related to the Company's intangible lease liabilities was \$0.3 million for the three months ended March 31, 2026 and \$0.3 million for the three months ended March 31, 2025. The net amount amortized as an increase to rental revenue for capitalized above and below-market lease intangibles was \$0.2 million for the three months ended March 31, 2026 and \$0.2 million for the three months ended March 31, 2025.

Acquisitions

There were no acquisitions by the Company for the three months ended March 31, 2026 and 2025.

Dispositions

The Company sold one property for the three months ended March 31, 2026, as detailed in the table below (in thousands):

Property Name	Location	Date of Sale	Sales Price	Net Cash Proceeds	Gain (Loss) on Sale of Real Estate
Bradenton Property	Bradenton, Florida	March 24, 2026	\$ 26,300	\$ 26,197	\$ (2,784)

The Company sold one property for the three months ended March 31, 2025, as detailed in the table below (in thousands):

Property Name	Location	Date of Sale	Sales Price	Net Cash Proceeds	Gain (Loss) on Sale of Real Estate
Plano Homewood Suites	Plano, Texas	January 24, 2025	\$ 8,300	\$ 8,154	\$ 11

5. Debt

The following table contains summary information of the Company's debt as of March 31, 2026 and December 31, 2025 (dollars in thousands):

Description	Type	Outstanding principal as of		Interest Rate	Maturity Date (7)
		March 31, 2026	December 31, 2025		
Mortgages Payable					
Cityplace Note A-1	(1) Floating	\$ 97,335	\$ 97,755	6.03%	7/8/2026
Cityplace Note A-2	(1) Floating	12,253	12,306	6.03%	7/8/2026
Cityplace Note B-1	(1) Floating	21,292	21,384	10.03%	7/8/2026
Cityplace Note B-2	(1) Floating	2,680	2,692	10.03%	7/8/2026
Cityplace Mezz Note-1	(1) Floating	3,042	3,055	10.03%	7/8/2026
Cityplace Mezz Note-2	(1) Floating	383	385	10.03%	7/8/2026
NHT - Note A	(2) Floating	23,743	26,381	5.69%	2/8/2027
NHT - Note B	(2) Floating	11,432	12,702	10.15%	2/8/2027
OSL Loan	(3) Fixed	14,140	—	8.50%	2/12/2029
NHT - PC & B Loan	(3) Floating	—	38,580	—	—
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
NexBank Revolver	(5) Floating	10,994	10,994	7.17%	5/21/2026
Convertible Notes Due to Affiliates	Fixed			2.25% - 7.50%	2/14/2027 - 9/30/2042
Promissory Notes Due to Affiliates	Fixed	58,111	58,111	7.33%	4/17/2027
Prime Brokerage Borrowing					
Jefferies Line of Credit	Floating	4,875	5,136	4.14%	N/A (8)
Total Debt		<u>\$ 284,361</u>	<u>\$ 313,548</u>		
Fair market value adjustment, net of accumulated amortization	(6)	(5,855)	(6,222)		
Deferred financing costs		(451)	(303)		
		<u>\$ 278,055</u>	<u>\$ 307,023</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) As of December 31, 2025, this debt was secured by the following properties: Park City and Bradenton. As of March 31, 2026, following the sale of the Bradenton property on March 24, 2026, this debt is secured by the following property: Park City.
- (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.
- (6) The Company recorded a valuation adjustment of the Convertible Notes Due to Affiliates upon the consolidation of NexPoint Hospitality Trust ("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 over the terms of the notes.
- (7) See Note 17 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. Effective as of May 8, 2026, the lender agreed to defer the maturity to July 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 \$137.0 million principal balance outstanding as of March 31, 2026, 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 6.83% as of March 31, 2026 and 7.65% as of December 31, 2025. The one-month SOFR was 3.79% as of March 31, 2026 and 4.33% as of December 31, 2025.

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 March 31, 2026, 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 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 Wall Street Journal 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. The Note A Loan and Note B Loan are secured by the HGI Property and the St. Pete Property. The Note A Loan and Note B Loan are set to mature on February 8, 2027. 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. For the three months ended March 31, 2026, the Company paid \$0.4 million and \$0.3 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. On February 12, 2026, the PC & B Loan was repaid in full and extinguished with proceeds from the OSL Loan (as defined below). No amounts remain outstanding under the PC & B Loan as of March 31, 2026.

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 a fixed rate of 8.5% per annum with an initial maturity date of February 12, 2029, subject to certain extension rights. The OSL Loan was initially secured by mortgages on two hotel properties: (i) the Bradenton Hampton Inn & Suites, with an allocated loan amount of \$25.3 million, and (ii) Hyatt Place Park City, with an allocated loan amount of \$14.1 million. The proceeds of the OSL Loan were used to repay in full and extinguish the PC & B Loan. In connection with the OSL Loan, the OP entered into a non-recourse carve-out guaranty for the benefit of OSL (the "OSL Guaranty"), pursuant to which the OP agreed to guarantee certain obligations of the NHT Borrowers. Generally, the guarantors' liability is limited to losses, damages, costs and expenses arising from specified "bad acts." The OSL Guaranty becomes a full recourse guaranty, covering up to the outstanding principal balance plus accrued interest and other amounts, upon the occurrence of certain triggering events.

On March 24, 2026, the Company, through its indirect subsidiary, entered into a Membership Interest Purchase Agreement pursuant to which it agreed to sell 100% of the membership interests in the entity that owned the Bradenton Hampton Inn & Suites property to OSL Bradenton Downtown, LLC. The sale closed on March 24, 2026 for total consideration of \$26.3 million. In connection with the sale, the \$25.3 million allocated portion of the OSL Loan attributable to the Bradenton Hampton Inn & Suites property was repaid in full. As of March 31, 2026, the outstanding balance of the OSL Loan was \$14.1 million, secured solely by the Hyatt Place Park City property. For the three months ended March 31, 2026, the Company incurred interest expense of \$0.4 million on the OSL Loan.

The loan documents contain customary representations, warranties, and events of default, which require a subsidiary of the Company to comply with affirmative and negative covenants. As of March 31, 2026, the Company believes it 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 NexPoint Real Estate Advisors VI, L.P. (the "NHT Adviser") since January 8, 2019. 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 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. On April 17, 2025, the Company took NHT private in a merger transaction (the "NHT Merger") acquiring all remaining NHT Units which were not previously owned by the Company and fully consolidating the Hospitality portfolio under the Company's sole ownership. 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. 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 March 31, 2026, the net carrying amount of the convertible notes due to affiliates of the NHT Adviser was \$52.3 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 ("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 17, 2027, with two one-year extension options. As of March 31, 2026, the carrying amount of the promissory notes due to affiliates under the notes was \$0.8 million.

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. The Company intends to exercise its option to extend the maturity date by an additional six months before May 21, 2026.

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 into 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 March 31, 2026, the Company had a margin balance of approximately \$4.9 million outstanding with Jefferies bearing interest at the Overnight Bank Funding Rate plus 0.50%. Securities with a fair value of approximately \$20.7 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 March 31, 2026 are as follows (in thousands):

	Credit Facilities	Mortgages Payable	Notes Payable	Prime Brokerage Borrowing	Total
2026	\$ 10,994	\$ 136,985	\$ 13,250	\$ —	\$ 161,229
2027	—	35,175	21,331	—	56,506
2028	—	—	—	—	—
2029	—	24,140	—	—	24,140
2030	—	—	—	—	—
Thereafter	—	—	37,611	4,875	42,486
Total	\$ 10,994	\$ 196,300	\$ 72,192	\$ 4,875	\$ 284,361

6. Variable Interest Entities

As of March 31, 2026, and December 31, 2025, 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	
			March 31, 2026	December 31, 2025	March 31, 2026	December 31, 2025
<i>Unconsolidated Entities:</i>						
NexPoint Storage Partners, Inc.	Common stock	Self-storage	53.0%	53.0%	VIE	VIE
NexPoint Storage Partners Operating Company, LLC	LLC interest	Self-storage	33.7%	33.8%	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	VIE
Life Sciences II DST	DST investment	Life science	25.8%	25.8%	VIE	VIE
Semiconductor DST	DST investment	Industrial	19.2%	19.2%	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%	12.9%	VIE	VIE
VineBrook Homes Operating Partnership, L.P.	LP interest	Single-family rental	11.9%	12.3%	VIE	VIE
NexPoint SFR Operating Partnership, L.P.	LP interest	Single-family rental	28.0%	28.0%	VIE	VIE
IQHQ Holdings, LP	LP interest	Life science	0.9%	0.9%	VIE	VIE
NexAnnuity Holdings, Inc.	Preferred Shares	Annuities (1)	100%	100%	VIE	VIE
AMS C-Store JV, LLC	Preferred Shares	Retail (2)	100%	100%	VIE	VIE

- (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 C-Store JV, LLC, but it does not own any of the outstanding common stock of AMS C-Store JV, LLC.

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 Notes 7 and 9, and the Company's exposure through additional arrangements. The Company has provided guarantees on certain debt obligations of some of the VIEs, see Note 13 for further details.

Consolidated VIEs

The Company did not have any consolidated VIEs as of March 31, 2026 and December 31, 2025.

7. Equity Method Investments

Below is a summary of the Company's equity method investments as of March 31, 2026 (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%	\$ 7,837	\$ (9,590)	\$ 17,427	\$ (276)
AM Uptown Hotel, LLC	LLC interest	Hospitality	60.0%(3)	(4,997)	(1,807)	(3,190)	482
Las Vegas Land Owner, LLC	LLC interest	Land	77.0%(4)	12,325	12,325	—	1
Perilune Aero Equity Holdings One, LLC	LLC interest	Aircraft	16.4%(7)	12,675	11,756	919	25
Capital Acquisitions Partners, LLC	LLC interest	Multifamily	20.9%	462	462	—	(239)
				<u>\$ 28,302</u>	<u>\$ 13,146</u>	<u>\$ 15,156</u>	<u>\$ (7)</u>

Below is a summary of the Company's investments as of March 31, 2026 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)	\$ 54,106
NexPoint Real Estate Finance, Inc.	Common stock	Mortgage	15.8%(6)	39,767
Claymore Holdings, LLC	LLC interest	N/A	50.0%(5)	—
VineBrook Homes Operating Partnership, L.P.	LP interest	Single-family rental	11.9%(6)	113,632
NexPoint Storage Partners, Inc.	Common stock	Self-storage	53.0%(3)	51,946
NexPoint Storage Partners Operating Company, LLC	LLC interest	Self-storage	33.7%	34,653
NexPoint SFR Operating Partnership, L.P.	LP interest	Single-family rental	28.0%	24,265
LLV Holdco, LLC	LLC interest	Land	26.8%	2,073
AMS C-Store JV, LLC	Preferred stock	Retail	100.0%(8)	19,249
				<u>\$ 339,691</u>

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%(7)	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%(8)	18,420
				<u>\$ 351,458</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 tenancy 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"). 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 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.
- (8) 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 March 31, 2026, the Company held an equity method investment in AM Uptown Hotel, 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 interim 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”) and VineBrook Homes Trust, Inc. (“VineBrook”) 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 the summarized statement of operations for the year ended December 31, 2025 for the Company’s significant equity method investments (dollars in thousands):

	NREF		VineBrook	
Revenues				
Rental income	\$	7,737	\$	353,381
Net interest income		47,176		—
Other income		98,273		17,896
Total revenues	\$	153,186	\$	371,277
Expenses				
Total expenses	\$	33,686	\$	568,840
Gain (loss) on sales and impairment of real estate		3,643		3,255
Other income (expense)		—		1,029
Unrealized gain (loss) on derivatives		—		(14,537)
Total comprehensive income (loss)	\$	123,143	\$	(207,816)

The table below presents the summarized statement of operations for the year ended December 31, 2024 for the Company's significant equity method investments (dollars in thousands):

	VineBrook	
Revenues		
Rental income	\$	357,526
Net interest income		—
Other income		5,299
Total revenues	\$	362,825
Expenses		
Total expenses	\$	520,535
Gain (loss) on sales and impairment of real estate		(32,455)
Other income (expense)		(4,244)
Unrealized gain (loss) on derivatives		—
Total comprehensive income (loss)	\$	(194,409)

8. 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 March 31, 2026 (in thousands):

	Fair Value			
	Level 1	Level 2	Level 3	Total
Assets				
Bond	\$ —	\$ 47	\$ —	\$ 47
Common stock	54,521	—	119,905	174,426
Convertible notes	—	—	11,963	11,963
LLC interest	—	—	55,975	55,975
LP interest	—	54,106	137,897	192,003
Preferred Shares	—	—	72,577	72,577
Rights and warrants	—	—	4	4
Senior loan	—	48	49,066	49,114
	<u>\$ 54,521</u>	<u>\$ 54,201</u>	<u>\$ 447,387</u>	<u>\$ 556,109</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, 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 sets forth a summary of changes in the Company's Level 3 assets (assets measured at fair value using significant unobservable inputs) for the three months ended March 31, 2026 (in thousands):

	December 31, 2025	Contributio ns/ purchases	Paid in-kind dividen ds	Transf er Into (Out of) Level 3	Redemptions/ conversions	Realized gain/ (loss)	Unrealized gain/ (loss)	March 31, 2026
Common stock	\$ 120,690	\$ —	\$ —	\$ —	\$ —	\$ (9)	\$ (776)	\$ 119,905
Convertible notes	11,994	—	—	—	—	—	(31)	11,963
LLC interest	54,488	—	829	—	—	—	658	55,975
LP interest	147,172	693	—	—	—	—	(9,968)	137,897
Preferred Shares	73,388	—	1,439	—	(2,250)	—	—	72,577
Rights and warrants	4	—	—	—	—	—	—	4
Senior loan	46,926	962	1,404	—	(235)	—	9	49,066
								447,38
Total	\$ 454,662	\$ 1,655	\$ 3,672	\$ —	\$ (2,485)	\$ (9)	\$ (10,108)	\$ 7

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 three months ended March 31, 2025 (in thousands):

	Decemb er 31, 2024	Contributio ns/ purchases	Paid in-kind dividen ds	Transf er Into (Out of) Level 3	Redemptions/ conversions	Realize d gain/ (loss)	Unrealized gain/ (loss)	March 31, 2025
Common stock	157,828	—	—	—	(3,687)	\$ 1,511	\$ (14,795)	\$ 140,857
Convertible notes	20,846	—	—	—	(2,758)	—	107	18,195
LLC interest	36,777	12,960	—	—	—	—	(1,192)	48,545
LP interest	189,659	650	—	—	—	—	(13,201)	177,108
Preferred Shares	69,895	—	1,398	—	—	—	—	71,293
Rights and warrants	—	—	—	—	—	—	—	—
Senior loan	43,693	—	1,237	—	(522)	2	99	44,509
Total	518,698	13,610	2,635	—	(6,967)	1,513	(28,982)	500,507

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 March 31, 2026.

Category	Valuation Technique	Significant Unobservable Inputs		Input/Range Values	Fair Value
		Unobservable Inputs			
Common Stock	Market Approach	Unadjusted Price/MHz-PoP		\$0.10 - \$1.10 (\$0.565)	\$ 119,905
	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		\$ 4.26	
	Multiples Analysis	Multiple of EBITDA		3.50x - 4.75x (4.125x)	
		Implied Enterprise Value from			
Recent Transaction	Transaction Price (\$mm)		\$ 1,211.50		
Convertible Notes	Discounted Cash Flow	Discount Rate		6.33% - 8.58% (7.38%)	11,963
LLC Interest	Discounted Cash Flow	Discount Rate		7.00% - 27.00% (12.75%)	55,975
		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%)	137,897
		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	72,577
Rights and Warrants		Price per Share		\$ 0.08	4
Senior Loan	Discounted Cash Flow	Discount Rate		12.50% - 17.50% (14.13%)	49,066
Total					\$ 447,387

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	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	
	NAV Approach	Market Rent (per sqft)	\$13.00 - \$42.50 (\$27.75)	
		Discount Rate	10.00%	
		NAV per Share	\$ 4.18	
	Multiples Analysis	Multiple of EBITDA	3.50x - 4.75x (4.125x)	
		Implied Enterprise Value from		
Recent Transaction	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

Financial Instruments Not Carried at Fair Value

At March 31, 2026 and December 31, 2025, 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 creditworthiness 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 March 31, 2026 and December 31, 2025, except for the following debt (in thousands):

	March 31, 2026		December 31, 2025	
	Outstanding Principal Balance	Estimated Fair Value	Outstanding Principal Balance	Estimated Fair Value
Notes payable	\$ 83,186	\$ 70,302	\$ 83,172	\$ 67,959

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 shares at the redemption date, and therefore, is calculated based on the fair value of the Company's common shares at the balance sheet date. As of March 31, 2026 and 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 previously had an interest rate cap agreement related to the notes payable on the Park City and Bradenton properties. As of March 31, 2026, the Hospitality segment had no interest rate cap agreements outstanding. As of December 31, 2025, the interest rate cap agreement effectively capped one-month SOFR on \$38.6 million of the Hospitality segment's floating rate mortgage and mezzanine indebtedness at a weighted average rate of 6.70%. The interest rate cap was extinguished on February 12, 2026 in connection with the refinancing of the PC & B Loan with the OSL Loan, which bears interest at a fixed rate.

Changes in fair value of the interest rate caps were recorded directly as interest expense on the Consolidated Statement of Operations and Comprehensive Income (Loss). For the three months ended March 31, 2026 and 2025, the Company recorded \$0 and \$41.5 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 was \$0.1 million as of December 31, 2025, and was 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%

9. 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 values of the investments in DSTs utilizing Level 3 inputs approximate their carrying amounts. The Company recognized \$0.5 million and \$0.4 million, respectively, in dividend income for the three months ended March 31, 2026 and 2025.

As of March 31, 2026, the Company held the following investments (dollars in thousands):

Balances, as of March 31, 2026	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, 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

10. Shareholders' Equity

Common Shares

As of March 31, 2026, the Company had 51,650,102 common shares issued and outstanding, 1,517,497 of which were issued during the three months ended March 31, 2026.

During the three months ended March 31, 2026, the Company made the following distributions:

Payment Date (1)	Distribution Rate per Share	Ex-Date	Record Date
March 31, 2026	\$ 0.15	2/20/2026	2/20/2026

- (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 March 31, 2025, the Company had 44,517,013 common shares issued and outstanding. 1,837,444 common shares were issued during the three months ended March 31, 2025.

During the three months ended March 31, 2025, the Company made the following distributions:

Payment Date (1)	Distribution Rate per Share	Ex-Date	Record Date
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.

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 became callable 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 three months ended March 31, 2026, the Company made the below distribution on its Series A Preferred Shares:

Payment Date	Distribution Rate per Share	Ex-Date	Record Date
March 31, 2026	\$ 0.34375	3/24/2026	3/24/2026

During the three months ended March 31, 2025, the Company made the below distribution on its Series A Preferred Shares:

Payment Date	Distribution Rate per Share	Ex-Date	Record Date
March 31, 2025	\$ 0.34375	3/24/2025	3/24/2025

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 March 31, 2026, the Company has issued 1,264,112 Series B Preferred Shares for gross proceeds of \$31.0 million before deducting selling commissions and dealer manager fees of approximately \$2.5 million, and organization and offering costs of approximately \$0.1 million. The Company expects that the Series B Preferred 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 three months ended March 31, 2026, the Company declared the below distributions on its Series B Preferred Shares:

Payment Date	Distribution Rate per Share	Ex-Date	Record Date
July 6, 2026	\$ 0.18750	6/25/2026	6/25/2026
June 5, 2026	\$ 0.18750	5/22/2026	5/22/2026
May 5, 2026	\$ 0.18750	4/24/2026	4/24/2026

During the three months ended March 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 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 effect 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 three months ended March 31, 2026, the Company repurchased 515,437 of its common shares at a total cost of approximately \$2.2 million, or \$4.37 per share on average. During the three months ended March 31, 2025, 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 contains unvested restricted share units under the LTIP as of March 31, 2026:

	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 March 31, 2026 and December 31, 2025, the Company had 2,229,275 and 2,463,802 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 three months ended March 31, 2026:

	2026	
	Number of Units	Weighted Average Grant Date Fair Value
Outstanding January 1, 2026	2,463,802	\$ 5.81
Vested	(234,527) (1)	4.41
Outstanding March 31, 2026	2,229,275	\$ 5.95

- (1) Certain key employees of the Adviser elected to net the taxes owed upon the vesting against the shares issued resulting in 169,198 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 March 31, 2026:

	Shares Vesting				
	February	March	April	June	Total
2026	—	—	397,608	164,797	562,405
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	469,054	528,582	164,797	2,229,275

For the three months ended March 31, 2026 and 2025, the Company recognized approximately \$1.1 million and \$0.8 million, respectively, of equity-based compensation expense related to grants of restricted share units. As of March 31, 2026, 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 March 31, 2026, total unrecognized compensation expense on restricted share units was approximately \$8.3 million, and the expense is expected to be recognized over a weighted average vesting period of 1.3 years. 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.

11. 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 are anti-dilutive and are 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):

	Three Months Ended March 31, 2026	Three Months Ended March 31, 2025
Numerator for loss per share:		
Net loss attributable to common shareholders	\$ (22,970)	\$ (34,318)
Denominator for earnings (loss) per share:		
Weighted average common shares outstanding	50,084	42,899
Denominator for basic loss per share	50,084	42,899
Weighted average unvested restricted stock units	2,427	1,398
Weighted average number of common shares from assumed conversion of Series B Preferred Shares	6,182	—
Denominator for diluted earnings per share (1)	50,084	42,899
Loss per weighted average common share:		
Basic	\$ (0.46)	\$ (0.80)
Diluted	\$ (0.46)	\$ (0.80)

- (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.

12. 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 March 31, 2026 and 2025, 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 three months ended March 31, 2026, we issued 212,863.17 common shares to the Adviser in payment of the Fees in an amount of \$0.9 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 advisory agreement entered into between NHT and the NHT Adviser (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 Operating Partnership, LLC ("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. 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 as a result of the termination of the NHT Advisory Agreement, incurred a termination fee of \$3.5 million. As of March 31, 2026 there is a remaining payable of advisory fees of \$11.3 million.

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 three months ended March 31, 2026 and 2025, the Company incurred Administrative Fees and Advisory Fees of \$3.1 million and \$3.3 million, respectively.

Loans from Affiliates

As of March 31, 2026, a subsidiary of the Company has assumed several convertible notes issued by NHT to certain affiliates of the former NHT Adviser totaling \$52.3 million (see Note 5 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

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. The Company intends to exercise its option to extend the maturity date by an additional six months before May 21, 2026. As of March 31, 2026, 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 NexPoint Storage Partners, Inc. ("NSP"), the Company, together with 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 March 31, 2026. As of March 31, 2026, the outstanding NSP Series D Preferred Stock accrued dividends were \$15.1 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 March 31, 2026, 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 \$106.8 million outstanding as of March 31, 2026. 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 Uniform Commercial Code, 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.

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 6 and 7 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 March 31, 2026, the Company has sold 1,264,112 shares of the Series B Preferred Shares for total gross proceeds of \$31.0 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 14 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”), 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.

OSL Loan

On February 12, 2026, certain indirect subsidiaries of the Company entered into the OSL Loan in the principal amount of \$39.4 million, bearing interest at a fixed rate of 8.5% per annum and maturing on February 12, 2029, subject to certain extension rights. The OSL Loan was originally secured by mortgages on the Bradenton Hampton Inn & Suites and the Hyatt Place Park City, with allocated loan amounts of \$25.3 million and \$14.1 million, respectively. Following the sale of the Bradenton Hampton Inn & Suites property on March 24, 2026, the OSL Loan is secured solely by the Hyatt Place Park City property as of March 31, 2026, with an outstanding balance of \$14.1 million.

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 three months ended March 31, 2026 and 2025 the Company through its subsidiaries had paid approximately \$0.1 million and \$0.2 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 three months ended March 31, 2026, the SPE holding Cityplace reimbursed \$0.4 million to NexVest for these expenses. For the three months ended March 31, 2025, the SPE holding Cityplace reimbursed \$0.4 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 March 31, 2026. 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 March 31, 2026, the Company owns approximately 59,614.68 Class B Units, or 33.69%, of the outstanding NSP OC Common Units.

On April 3, 2026, the OP, Highland Opportunities & Income Fund (“HFRO”), Highland Global Allocation Fund (“HGLB”) and NRES REIT Sub II, LLC (“NRES”) and, together with HFRO and HGLB, the “Other NSP Note Purchasers”) entered into a participation agreement side letter (the “Side Letter”) with NexPoint Real Estate Finance Operating Partnership, L.P. (“NREF OP”). Pursuant to the Side Letter, effective on March 30, 2026, the OP purchased an undivided participation interest in \$962,000 principal amount of that certain Secured Promissory Note, dated as of January 16, 2026, as amended by that certain First Amendment to Secured Promissory Note and Joinder Agreement, dated as of March 25, 2026 (as amended, the “NSP Note”), by and between NexPoint Storage Partners Operating Company, LLC (“NSP OC”), a subsidiary of NSP and certain subsidiaries of NSP OC and of NexPoint Advisors, L.P., the parent of our Sponsor, as co-borrowers, and NREF OP, as lender. In addition, under the Side Letter and that certain participation agreement, dated March 25, 2026, as amended, between NREF OP and OSL, the OP, OSL and each Other NSP Note Purchaser has the right, but not the obligation, to participate in any future advance under the NSP Note up to its then-current pro rata share, with NREF OP remaining obligated to fund any amount of future advances under the NSP Note not funded by the OP, OSL or the Other NSP Note Purchasers. Under the NSP Note, NSP OC may borrow up to an aggregate principal amount of \$40 million, with \$22.7 million outstanding as of April 3, 2026. The NSP Note bears interest at a rate of 14% per annum, which is payable in kind, is interest only during the term of the NSP Note and matures on January 16, 2031. Borrowings under the NSP Note are secured by a first priority lien on certain income streams and the related deposit accounts of the co-borrowers.

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 March 31, 2026, the Company owns approximately 89,365.19 shares of NSP common stock, or 52.98%, 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 72,577 and 71,293 shares, respectively, as of March 31, 2026 and 2025.

Related Party Investments

The Company, from time to time, may invest in entities managed by affiliates of the Adviser. For the three months ended and as of March 31, 2026, 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	\$ 39,767	\$ (1,801)	\$ —	\$ —	\$ 1,476	\$ (325)
NexPoint Storage Partners, Inc.	Common Stock	51,946	273	—	—	—	273
NexPoint Residential Trust, Inc.	Common Stock	2,543	(519)	—	—	54	(465)
NexPoint SFR Operating Partnership, L.P.	Convertible Notes	11,964	(31)	—	—	230	199
NexPoint Storage Partners Operating Company, LLC	LLC Units	34,653	182	—	—	—	182
Claymore Holdings, LLC	LLC Units	—	—	—	—	—	—
VineBrook Homes Operating Partnership, L.P.	Partnership Units	113,632	(4,966)	—	—	1,492	(3,474)
NexPoint Real Estate Finance Operating Partnership, L.P.	Partnership Units	54,106	(2,450)	—	—	2,008	(442)
NexPoint SFR Operating Partnership, L.P.	Partnership Units	24,265	(5,001)	—	—	693	(4,308)
NexAnnuity Holdings, Inc.	Preferred Shares	72,577	—	—	—	1,439	1,439
NexPoint Storage Partners Operating Company, LLC	Promissory Note	1,837	(25)	—	—	25	—
Semiconductor DST	LLC Units	23,959	—	—	—	374	374
Life Science II DST	LLC Units	9,600	—	—	—	120	120
Capital Acquisitions Partners, LLC	LLC Units	462	—	(238)	—	—	(238)
Total		\$ 441,311	\$ (14,338)	\$ (238)	\$ —	\$ 7,911	\$ (6,665)

For the three months ended and as of March 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	\$ 32,109	\$ (840)	\$ —	\$ —	\$ 1,050	\$ 210
NexPoint Storage Partners, Inc.	Common Stock	60,285	(2,424)	—	—	—	(2,424)
NexPoint Residential Trust, Inc.	Common Stock	3,851	(216)	—	—	50	(166)
NexPoint SFR Operating Partnership, L.P.	Convertible Notes	18,195	107	—	—	365	472
NexPoint Storage Partners Operating Company, LLC	LLC Units	34,773	(1,398)	—	—	—	(1,398)
Claymore Holdings, LLC	LLC Units	—	—	—	—	—	—
Allenby, LLC	LLC Units	—	—	—	—	—	—
Haygood, LLC.	LLC Units	—	—	—	—	—	—
VineBrook Homes Operating Partnership, L.P.	Partnership Units	141,998	(9,709)	—	—	1,492	(8,217)
NexPoint Real Estate Finance Operating Partnership, L.P.	Partnership Units	74,448	(1,948)	—	—	2,435	487
NexPoint SFR Operating Partnership, L.P.	Partnership Units	35,110	(3,493)	—	—	650	(2,843)
NexAnnuity Holdings, Inc.	Preferred Shares	71,293	—	—	—	1,398	1,398
NexPoint Storage Partners Operating Company, LLC	Promissory Note	2,751	(14)	—	—	37	23
NexPoint SFR Operating Partnership, L.P.	Promissory Note	—	—	—	—	7	7
NFRO SFR REIT, LLC	Promissory Note	3,497	—	—	—	64	64
NFRO SFR REIT, LLC	Promissory Note	3,957	—	—	—	72	72
NREF OP IV, L.P.	Promissory Note	—	—	—	—	—	—
Semiconductor DST	LLC Units	23,959	—	—	—	333	333
Life Science II DST	LLC Units	9,600	—	—	—	115	115
Capital Acquisitions Partners, LLC	LLC Units	454	—	46	—	—	46
Total		\$ 516,280	\$ (19,935)	\$ 46	\$ —	\$ 8,068	\$ (11,821)

13. 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 March 31, 2026. As of March 31, 2026, the outstanding NSP Series D Preferred Stock accrued dividends were \$15.1 million. See Note 12 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. See Note 12 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 \$35.2 million outstanding, as of March 31, 2026. 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 for 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 \$14.1 million outstanding, as of March 31, 2026. 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 for 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 \$137.0 million as of March 31, 2026. 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 for bankruptcy or similar liquidation or reorganization action or takes other actions that are fraudulent or improper. As of March 31, 2026, 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 12 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 \$106.8 million outstanding as of March 31, 2026. 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 12 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 March 31, 2026, the loan had an outstanding balance of \$9.7 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 the borrower 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 12 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 12 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 March 31, 2026, 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 for bankruptcy or similar liquidation or reorganization action or takes other actions that are fraudulent or improper.

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 March 31, 2026.

The table below shows the Company's unfunded commitments by investment type as of March 31, 2026 and December 31, 2025 (in thousands):

Investment Type	March 31, 2026		December 31, 2025	
	Unfunded Commitments		Unfunded Commitments	
Preferred Equity	\$	2,121	\$	2,121
Total	\$	2,121	\$	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 March 31, 2026, 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.

14. Leases

There are no tenants that make up greater than 10% of net rental income during the three months ended March 31, 2026.

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 three months ended March 31, 2025:

Tenant	For the Three Months Ended March 31, 2025	
	Rental Income	
Neiman Marcus Group, LLC	\$	601

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 March 31, 2026, 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 March 31, 2026 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		(137)
Total lease liability	\$	500

For the three months ended March 31, 2026 and 2025, the Company recognized lease expense of \$0.1 million and \$0.1 million, respectively, recorded on a straight-line basis over the lease term.

15. 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 Note 1. 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.

The following table presents the reportable segment measures of profitability, along with significant segment expenses (in thousands):

	For the Three Months Ended March 31, 2026			For the Three Months Ended March 31, 2025		
	Diversified	Hospitality	Total	Diversified	Hospitality	Total
Total Revenues	\$ 14,022	\$ 8,853	\$ 22,875	\$ 17,529	\$ 11,545	\$ 29,074
Less:						
Property operating expense	1,566	4,087	5,653	1,583	5,378	6,961
Property management fees	199	271	470	180	339	519
Real estate taxes and insurance	985	408	1,393	1,183	658	1,841
Advisory and administrative fees	3,085	—	3,085	3,341	301	3,642
Property general and administrative expenses	686	984	1,670	588	1,403	1,991
Corporate general and administrative expenses	2,926	510	3,436	2,355	572	2,927
Depreciation and amortization	2,683	1,032	3,715	2,791	1,119	3,910
Impairment loss	—	—	—	—	1,752	1,752
Interest expense	3,216	2,473	5,689	3,727	3,549	7,276
Equity in losses of unconsolidated equity method ventures	7	—	7	357	—	357
Change in unrealized losses from non-real estate investments	15,331	—	15,331	33,322	—	33,322
Realized gains (losses) from non-real estate investments	3	—	3	(1,519)	—	(1,519)
Loss (gain) on sales of real estate	—	2,784	2,784	—	(11)	(11)
Income tax expense	711	198	909	962	251	1,213
Net loss	\$ (17,376)	\$ (3,894)	\$ (21,270)	\$ (31,341)	\$ (3,766)	\$ (35,107)

The following table presents total assets for the reportable segments (in thousands):

	As of March 31, 2026			As of December 31, 2025		
	Diversified	Hospitality	Total	Diversified	Hospitality	Total
Total assets	\$ 907,273	\$ 119,373	\$ 1,026,646	\$ 928,231	\$ 146,421	\$ 1,074,652

16. Mezzanine Equity

Redeemable Noncontrolling Interests in the OP

The following table sets forth the redeemable noncontrolling interests in the OP for the three months ended March 31, 2026 and 2025 (in thousands):

	Three Months Ended March 31,	
	2026	2025
Redeemable noncontrolling interest in the OP, January 1,	\$ 309	\$ —
Redeemable noncontrolling interests from NHT Merger	—	—
Net loss attributable to redeemable noncontrolling interests in the OP	(9)	—
Distributions to redeemable noncontrolling interests in the OP	(4)	—
Redeemable noncontrolling interest in the OP, March 31,	\$ 296	\$ —

Redeemable Series B Preferred Shares

The following table sets forth the redeemable Series B Preferred Shares for the three months ended March 31, 2026 and 2025 (in thousands):

	Three Months Ended March 31,	
	2026	2025
Redeemable Series B Preferred Shares, January 1,	\$ 20,379	\$ —
Subscriptions	7,731	200
Accretion to redemption value	—	—
Redemptions	(44)	—
Redeemable Series B Preferred Shares, March 31,	<u>\$ 28,066</u>	<u>\$ 200</u>

17. Subsequent Events

Distributions Declared

On April 27, 2026, the Board approved a quarterly distribution of \$0.15 per common share, payable on June 30, 2026 to shareholders of record on May 22, 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 April 27, 2026, the Board approved a quarterly distribution of \$0.34375 per Series A Preferred Share, payable on June 30, 2026 to shareholders of record on June 23, 2026.

Cityplace Debt Extension

Effective May 8, 2026, the lender agreed to defer the maturity of the Cityplace debt to July 8, 2026.

Item 2. 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 and with our 2025 Annual Report. 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 Quarterly Report. See "Cautionary Statement Regarding Forward-Looking Statements" in this Quarterly Report and "Risk Factors" in Part I, Item 1A, "Risk Factors" of our 2025 Annual Report.

Overview

As of March 31, 2026, 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 March 31, 2026, 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, retail and small-bay industrial. 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.

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, which was subsequently transferred to the United States Bankruptcy Court for the Northern District of Texas (the "Bankruptcy Court"). On October 15, 2021, Marc S. Kirschner, as litigation trustee of a litigation subtrust formed pursuant to Highland's plan of reorganization and disclosure statement which became effective on August 11, 2021 and was subsequently amended, 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, the litigation trustee filed a motion seeking to voluntarily stay the Bankruptcy Trust Lawsuit, which was granted by the Bankruptcy Court 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. Parties in interest have filed a motion to vacate the HMIT settlement, and the Bankruptcy Trust Lawsuit has been stayed pending a ruling on that motion. In addition, 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 appeal was argued on April 8, 2026. The Supreme Court rescheduled a status conference in the UBS Lawsuit previously set for April 14, 2026 to July 14, 2026. 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.

Our website is located at nxdt.nexpoint.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 other 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 the NHT Adviser pursuant to the NHT Advisory Agreement that was terminated at completion of the NHT Merger (see Note 12 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 TRSs in the Diversified segment and former NHT's TRSs.

Unrealized Gain (Loss) on Investments. Unrealized gains and losses represent changes in fair value for equity method 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 March 31, 2026, 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 three 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
				March 31, 2026	March 31, 2026
White Rock Center	82,793	Retail	6/13/2013	\$ 1.62	81.4%
5916 W Loop 289	30,140	Retail	7/23/2013	—	0.0%
Cityplace	1,365,711	Office, Multifamily & Hospitality (3)	8/15/2018	\$ 2.05	41.2%
	<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	2024	122
Marriott	St. Petersburg, Florida	St. Pete Property	Upper Upscale	Full-Service	2024	209
Total Rooms:						571

- (1) Average effective monthly occupied rent per square foot is equal to the average of the contractual rent for commenced leases as of March 31, 2026, minus any tenant concessions over the term of the lease, divided by the occupied square footage of commenced leases as of March 31, 2026.
- (2) Percent occupied is calculated as the rentable square footage occupied as of March 31, 2026, 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 March 31, 2026.

Consolidated Results of Operations for the Three Months Ended March 31, 2026 and 2025

The following table sets forth a summary of our operating results for the three months ended March 31, 2026 as compared to the three months ended March 31, 2025 (in thousands):

	For the Three Months Ended March 31,		\$ Change
	2026	2025	
Total revenues	\$ 22,875	\$ 29,074	\$ (6,199)
Total expenses	(19,422)	(23,542)	4,120
Operating income	3,453	5,532	(2,079)
Interest expense	(5,689)	(7,276)	1,587
Equity in losses of unconsolidated ventures	(7)	(357)	350
Change in unrealized losses	(15,331)	(33,322)	17,991
Realized (losses) gains	(3)	1,519	(1,522)
(Loss) gain on sales of real estate	(2,784)	11	(2,795)
Income tax expense	(909)	(1,213)	304
Net loss	(21,270)	(35,106)	13,836
Net loss attributable to Series A preferred shareholders	(1,155)	(1,155)	—
Net loss attributable to Series B preferred shareholders	(554)	(2)	(552)
Net income attributable to noncontrolling interests in NHT	—	1,945	(1,945)
Net income attributable to redeemable noncontrolling interests in the OP	9	—	9
Net loss attributable to common shareholders	\$ (22,970)	\$ (34,318)	\$ 11,348

The net loss for the three months ended March 31, 2026 and 2025 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 \$2.9 million for the three months ended March 31, 2026, compared to \$3.6 million for the three months ended March 31, 2025, which was a decrease of approximately \$0.7 million. The decrease between the periods was primarily due to a decrease in occupancy at Cityplace.

Room revenue. Room revenue was \$7.8 million for the three months ended March 31, 2026, compared to \$10.4 million for the three months ended March 31, 2025, which was a decrease of approximately \$2.6 million. The decrease between the periods is due to the disposition of Hospitality properties in 2025.

Food and beverage revenue. F&B revenue was \$0.8 million for the three months ended March 31, 2026, compared to \$0.9 million for the three months ended March 31, 2025, which was a decrease of approximately \$0.1 million. The decrease between the periods is due to the disposition of Hospitality properties in 2025.

Interest and dividends. Interest and dividends totaled \$11.1 million for the three months ended March 31, 2026, compared to \$13.9 million for the three months ended March 31, 2025, which was a decrease of approximately \$2.8 million. The decrease between the periods was attributed to a decrease in dividends from equity investments, offset by an increase in interest income.

Other income. Other income was approximately \$0.4 million for the three months ended March 31, 2026, compared to \$0.3 million for the three months ended March 31, 2025, which was an increase of approximately \$0.1 million. The increase between the periods is due to an escheatment recovery of a prior tax refund and an increase in forfeited guest revenue at the Hospitality properties.

Expenses

Property operating expenses. Property operating expenses were \$5.7 million for the three months ended March 31, 2026, compared to \$7.0 million for the three months ended March 31, 2025, which was a decrease of approximately \$1.3 million. The decrease between the periods is due to the disposition of Hospitality properties in 2025.

Property management fees. Property management fees were \$0.5 million for the three months ended March 31, 2026, compared to \$0.5 million for the three months ended March 31, 2025, which was flat.

Real estate taxes and insurance. Real estate taxes and insurance costs were \$1.4 million for the three months ended March 31, 2026, compared to \$1.8 million for the three months ended March 31, 2025, which was a decrease of approximately \$0.4 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 is due to the disposition of Hospitality properties in 2025.

Advisory and administrative fees. For the three months ended March 31, 2026, the Company incurred administrative fees and advisory fees of \$3.1 million, compared to \$3.6 million for the three months ended March 31, 2025, which was a decrease of approximately \$0.5 million. The decrease between the periods is due to the disposition of Hospitality properties in 2025.

Property general and administrative expenses. Property general and administrative expenses were \$1.7 million for the three months ended March 31, 2026, compared to \$2.0 million for the three months ended March 31, 2025, which was a decrease of approximately \$0.3 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 \$3.4 million for the three months ended March 31, 2026, compared to \$2.9 million for the three months ended March 31, 2025, which was an increase of approximately \$0.5 million. The increase between periods was primarily due to an increase in professional fees.

Depreciation and amortization. Depreciation and amortization costs were \$3.7 million for the three months ended March 31, 2026, compared to \$3.9 million for the three months ended March 31, 2025, which was a decrease of approximately \$0.2 million. The decrease between the periods is due to the disposition of Hospitality properties in 2025.

Impairment loss. Impairment loss was \$0.0 million for the three months ended March 31, 2026, compared to \$1.8 million for the three months ended March 31, 2025, which was a decrease of approximately \$1.8 million. The decrease between the periods was due to a decrease in impairment charges recorded in 2025 in connection with a property classified as held for sale.

Other Income and Expense

Interest expense. Interest expense was \$5.7 million for the three months ended March 31, 2026, compared to \$7.3 million for the three months ended March 31, 2025, which was a decrease of approximately \$1.6 million. The decrease between periods is primarily attributable to the extinguishment of the PC & B Loan in February 2026, the repayment of the portion of the OSL Loan allocated to the Bradenton Hampton Inn & Suites property in connection with the Bradenton Hampton Inn & Suites property sale in March 2026, and paydowns on other mortgage and note payable balances during the period, as well as a decrease in SOFR compared to the prior year period.

Equity in losses of unconsolidated ventures. Equity in losses of unconsolidated ventures was \$0.0 million for the three months ended March 31, 2026, compared to \$0.4 million for the three months ended March 31, 2025, which was a decrease of approximately \$(0.4) million. The decrease between periods was primarily due to an increase in net income at Marriott Uptown for the three months ended March 31, 2026.

Income tax benefit (expense). The Company has recorded income tax expense of \$0.9 million associated with the TRSs for the three months ended March 31, 2026 and \$1.2 million associated with the TRSs for the three months ended March 31, 2025. The tax expense for the three months ended March 31, 2026 is increased by the annual change in valuation allowance on a deferred tax asset of \$0.1 million and an income tax expense of \$0.8 million for a net expense of \$0.9 million for the three months ended March 31, 2026, that is recorded on the Consolidated Statements of Operations and Comprehensive Income (Loss).

Change in unrealized losses. Unrealized losses from our investments accounted for at fair value was \$15.3 million for the three months ended March 31, 2026, compared to \$33.3 million for the three months ended March 31, 2025, which was an increase of approximately \$18.0 million. The losses for the three months ended March 31, 2026 were largely driven by mark-to-market losses on VineBrook Homes Operating Partnership, L.P. common units of \$5.0 million, NexPoint SFR Operating Partnership, L.P. partnership units of \$5.0 million, NREF OP common units of \$2.5 million, NREF common shares of \$1.8 million and MidWave Wireless common shares of \$1.4 million. The losses for the three months ended March 31, 2025 were largely driven by mark-to-market losses on common units of VineBrook of \$9.7 million, IQHQ, LP interests of \$5.8 million and United Development Funding IV common equity of \$5.2 million.

Realized (losses) gains. Realized (losses) gains were \$0.0 million for the three months ended March 31, 2026, compared to \$1.5 million for the three months ended March 31, 2025, which was a decrease of approximately \$1.5 million. There were no material realized gains or losses for the three months ended March 31, 2026. The gains for the three months ended March 31, 2025 were primarily driven by realized gains on United Development Funding IV common equity.

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 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 three months ended March 31, 2026 and 2025 (our “Same Store” properties). Our Same Store properties exclude Cityplace as of March 31, 2026 and 2025, 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 have planned construction, renovation or similar activity expected to commence in the near future that will result in such properties not being stabilized.

Consolidated NOI and Same Store NOI for the Three Months Ended March 31, 2026 and 2025

The following table, which has not been adjusted for the effects of noncontrolling interests (“NCI”), reconciles our consolidated NOI for the three months ended March 31, 2026 and 2025 to net income (loss), the most directly comparable GAAP financial measure (in thousands):

	For the Three Months Ended March 31,	
	2026	2025
Net loss	\$ (21,270)	\$ (35,106)
Adjustments to reconcile net loss to NOI:		
Advisory and administrative fees	3,085	3,642
Corporate general and administrative expenses	3,436	2,927
Income tax (benefit) expense	909	1,213
Depreciation and amortization	3,715	3,909
Interest expense	5,689	7,276
Non-operating property investment revenue	(1) (11,132)	(13,935)
Realized (gains) losses from non-real estate investments	3	(1,530)
Change in unrealized (gains) losses from non-real estate investments	15,331	33,322
Equity in (income) losses of unconsolidated equity method ventures	7	357
Impairment loss	—	1,752
NOI	<u>\$ (227)</u>	<u>\$ 3,827</u>
Less Non-Same Store		
Revenues	\$ (11,282)	\$ (14,777)
Operating expenses	9,001	11,154
Operating income	<u>2,784</u>	<u>—</u>
Same Store NOI	<u>\$ 276</u>	<u>\$ 204</u>

- (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.

The following table, which has not been adjusted for the effects of NCI, reconciles our NOI for each of our segments for the three months ended March 31, 2026 to net income (loss), the most directly comparable GAAP financial measure by reportable segment (in thousands):

	For the Three Months Ended March 31,					
	2026			2025		
	Diversified	Hospitality	Total	Diversified	Hospitality	Total
Net loss	\$ (17,376)	\$ (3,894)	\$ (21,270)	\$ (31,341)	\$ (3,766)	\$ (35,107)
Adjustments to reconcile net loss to NOI:						
Advisory and administrative fees	3,085	—	3,085	3,341	301	3,642
Corporate general and administrative expenses	2,926	510	3,436	2,355	572	2,927
Income tax expense	711	198	909	961	251	1,212
Depreciation and amortization	2,683	1,032	3,715	2,791	1,119	3,910
Interest expense	3,216	2,473	5,689	3,726	3,550	7,276
Non-operating property investment revenue (1)	(11,121)	(11)	(11,132)	(13,630)	(305)	(13,935)
Realized losses (gains) from non-real estate investments	3	—	3	(1,530)	—	(1,530)
Change in unrealized losses from non-real estate investments	15,331	—	15,331	33,322	—	33,322
Equity in losses of unconsolidated equity method ventures	7	—	7	357	—	357
Impairment loss	—	—	—	—	1,752	1,752
NOI	\$ (535)	\$ 308	\$ (227)	\$ 352	\$ 3,473	\$ 3,825
Less Non-Same Store						
Revenues	\$ (2,440)	\$ (8,842)	\$ (11,282)	\$ (3,537)	\$ (11,239)	\$ (14,776)
Operating expenses	3,251	5,750	9,001	3,388	7,766	11,154
Operating income	—	2,784	2,784	—	—	—
Same Store NOI	\$ 276	\$ —	\$ 276	\$ 204	\$ —	\$ 204

(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 Three Months Ended March 31, 2026 and 2025

The following table reflects the revenues, property operating expenses and NOI for the three months ended March 31, 2026 and 2025 for our Same Store and Non-Same Store properties (dollars in thousands):

	For the Three Months Ended March 31, 2026	For the Three Months Ended March 31, 2025	\$ Change	% Change
Revenues				
Same Store				
Rental income	\$ 461	\$ 359	\$ 102	28.4%
Same Store revenues	461	359	102	28.4%
Non-Same Store				
Rental income	2,431	3,286	(855)	-26.0%
Rooms	7,778	10,350	(2,572)	-24.9%
Food and beverage	798	889	(91)	-10.2%
Other income	275	252	23	9.2%
Non-Same Store revenues	11,282	14,777	(3,495)	-23.7%
Total revenues	11,743	15,136	(3,393)	-22.4%
Operating expenses				
Same Store				
Property operating expenses	54	64	(10)	-15.6%
Real estate taxes and insurance	76	66	10	15.2%
Property management fees	23	19	4	21.1%
Property general and administrative expenses	32	6	26	N/M
Same Store operating expenses	185	155	30	19.4%
Non-Same Store				
Property operating expenses	5,599	6,895	(1,296)	-18.8%
Real estate taxes and insurance	1,317	1,775	(458)	-25.8%
Property management fees	447	500	(53)	-10.6%
Property general and administrative expenses	1,638	1,984	(346)	-17.4%
Non-Same Store operating expenses	9,001	11,154	(2,153)	-19.3%
Total operating expenses	9,186	11,309	(2,123)	-18.8%
Operating income				
Non-Same Store				
Gain on sales of real estate	(2,784)	—	(2,784)	0.0%
Total operating income	(2,784)	—	(2,784)	0.0%
NOI				
Same Store	276	204	72	35.3%
Non-Same Store	(503)	3,623	(4,126)	-113.9%
Total NOI	\$ (227)	\$ 3,827	\$ (4,054)	-105.9%

See reconciliation of net income (loss) to NOI above under “NOI and Same Store NOI for the Three Months Ended March 31, 2026 and 2025.”

Consolidated Same Store Results of Operations for the Three Months Ended March 31, 2026 and 2025

As of March 31, 2026, 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 March 31, 2025. For our Same Store properties, we recorded the following operating results for the three months ended March 31, 2026 and 2025.

Revenues

Rental Income. Rental income was \$0.5 million for the three months ended March 31, 2026, compared to \$0.4 million for the three months ended March 31, 2025, which is an increase of approximately \$0.1 million or 28.4%. The majority of the increase between the three months ended March 31, 2026 and the three months ended March 31, 2025 is related to an increase in occupancy.

Expenses

Property operating expenses. Property operating expenses were \$54.0 thousand for the three months ended March 31, 2026, compared to \$64.0 thousand for the three months ended March 31, 2025, which was a decrease of approximately \$10.0 thousand or 15.6%. The decrease between the periods is related to a decrease in repair and maintenance fees.

Real estate taxes and insurance. Real estate taxes and insurance costs were \$76.0 thousand for the three months ended March 31, 2026, compared to \$66.0 thousand for the three months ended March 31, 2025, which was an increase of approximately \$10.0 thousand or 15.2%. The increase between the periods is related to a favorable real estate tax appeal that was recognized in 2025 and did not recur in 2026.

Property management fees. Property management fees were \$23.0 thousand for the three months ended March 31, 2026, compared to \$19.0 thousand for the three months ended March 31, 2025, which was an increase of approximately \$4.0 thousand, or 21.1%. The increase between the periods 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 \$32.0 thousand for the three months ended March 31, 2026, compared to \$6.0 thousand for the three months ended March 31, 2025, which was an increase of approximately \$26.0 thousand, which was not material. The majority of the increase between the periods is related to an increase 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 former NHT Adviser in connection with the termination of the NHT Advisory Agreement following the NHT Merger as it does 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.

The following table reconciles our calculations of FFO and AFFO to net income (loss), the most directly comparable GAAP financial measure, for the three months ended March 31, 2026 and 2025 (in thousands, except per share amounts):

	For the Three Months Ended March 31,		% Change (1)
	2026	2025	
Net loss	\$ (21,270)	\$ (35,106)	39.4%
Depreciation and amortization	3,715	3,909	5.0%
Realized losses (gains)	3	(1,519)	100.2%
Loss on sales of real estate	2,784	—	0.0%
Impairment loss	—	1,752	100.0%
Adjustment for noncontrolling interests in NHT	—	615	100.0%
Adjustment for redeemable noncontrolling interests in the OP	9	—	0.0%
FFO	(14,759)	(30,349)	51.4%
Distributions to Series A preferred shareholders	(1,155)	(1,155)	0.0%
Distributions to Series B preferred shareholders	(554)	(2)	27600.0%
FFO attributable to common shareholders	(16,468)	(31,506)	47.7%
FFO per share - basic	\$ (0.33)	\$ (0.73)	54.8%
FFO per share - diluted	\$ (0.33)	\$ (0.73)	54.8%
Equity-based compensation expense	1,102	804	37.1%
Amortization of deferred financing costs - long term debt	205	143	43.4%
Change in unrealized losses	15,331	33,322	54.0%
AFFO attributable to common shareholders	170	2,763	93.8%
AFFO per share - basic	\$ 0.00	\$ 0.06	100.0%
AFFO per share - diluted	\$ 0.00	\$ 0.06	100.0%
Weighted average common shares outstanding - basic	50,084	42,899	16.7%
Weighted average common shares outstanding - diluted	(2) 58,693	44,297	32.5%
Distributions declared per common share	\$ 0.15	\$ 0.15	0.0%
Net loss coverage	(3) -2.83x	-5.46x	-48.2%
Net loss coverage - diluted	-2.42x	-5.28x	-54.2%
FFO Coverage - diluted	(3) -2.20x	-4.87x	-54.8%
AFFO Coverage - diluted	(3) 0.00x	0.40x	-100.0%

(1) Represents the percentage change for the three months ended March 31, 2026 compared to the three months ended March 31, 2025.

(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 three months ended March 31, 2026 as compared to the three months ended March 31, 2025

FFO was \$(14.8) million for the three months ended March 31, 2026, compared to \$(30.3) million for the three months ended March 31, 2025, which was an increase of approximately \$15.5 million. The change in FFO between the periods was

primarily attributable to a decrease in unrealized losses on the mark-to-market of our investments held at fair value, a decrease in operating expenses, a decrease in interest expense resulting from debt paydowns and lower interest rates, and partially offset by a decrease in dividend income.

AFFO was \$0.2 million for the three months ended March 31, 2026, compared to \$2.8 million for the three months ended March 31, 2025, which was a decrease of approximately \$2.6 million. The change in our AFFO between the periods is primarily attributable to a decrease in dividend income, partially offset by a decrease in interest expense resulting from debt paydowns and lower interest rates and a decrease in operating expenses.

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 the Series B 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 March 31, 2026, 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
March 31, 2026	1,026,646	(323,634)	(83,252)	(28,066)	(296)	591,398	59,192	\$ 9.99
December 31, 2025	1,074,652	(353,873)	(83,252)	(20,379)	(309)	616,839	57,318	\$ 10.76

- (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 \$2.9 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, the Series B Preferred Offering and, if necessary, future debt or equity issuances. As of March 31, 2026, we had \$9.4 million of cash available to meet our short-term liquidity requirements. As of March 31, 2026, we also had \$30.9 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 March 31, 2026, we also had \$0.7 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 March 31, 2026, we also had \$8.1 million of restricted cash reserves associated with the Hospitality segment for brand-mandated Performance Improvement Plans 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 that an additional \$250 million to \$270 million of capital expenditures will be required to complete the Cityplace renovation. In addition, 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 March 31, 2026. See “—Debt” for additional details regarding our indebtedness and related liquidity requirements.

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 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 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, 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 March 31, 2026, the Company has sold 1,264,112 shares of the Series B Preferred Shares for total gross proceeds of \$31.0 million.

Cash Flows

The following table presents selected data from our consolidated statements of cash flows for the three months ended March 31, 2026 and 2025 (in thousands):

	For the Three Months Ended March 31,	
	2026	2025
Net cash provided by (used in) operating activities	\$ (498)	\$ 7,076
Net cash provided by investing activities	26,200	9,526
Net cash used in financing activities	(27,960)	(14,584)
Net (decrease) increase in cash, cash equivalents and restricted cash	(2,258)	2,018
Cash, cash equivalents and restricted cash, beginning of period	51,407	48,901
Cash, cash equivalents and restricted cash, end of period	<u>\$ 49,149</u>	<u>\$ 50,919</u>

Cash flows from operating activities. During the three months ended March 31, 2026, net cash used in operating activities was \$0.5 million, compared to net cash provided by operating activities of \$7.1 million for the three months ended March 31, 2025. The change in cash flows from operating activities was mainly attributable to a decrease in revenues and unfavorable changes in operating assets and liabilities, partially offset by a decrease in operating expenses and lower interest expense.

Cash flows from investing activities. During the three months ended March 31, 2026, net cash provided by investing activities was \$26.2 million, compared to net cash provided by investing activities of \$9.5 million for the three months ended March 31, 2025. The change in cash flows from investing activities was mainly attributable to proceeds of properties sold of \$26.2 million.

Cash flows from financing activities. During the three months ended March 31, 2026, net cash used in financing activities was \$28.0 million, compared to net cash used in financing activities of \$14.6 million for the three months ended March 31, 2025. The change in cash flows from financing activities was mainly attributable to paydowns on the mortgage debt and the repurchase of common shares, partially offset by mortgage proceeds received and proceeds from the issuance of Series B Preferred Shares.

Debt

Mortgage Debt

As of March 31, 2026, our consolidated subsidiaries had aggregate mortgage debt outstanding to third parties of approximately \$196.3 million at a weighted average interest rate of 7.17%. See Note 5 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, Series B Preferred 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 May 8, 2026, the lender agreed to defer the maturity of the Cityplace debt to July 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 March 31, 2026, the NexBank Revolver had an outstanding balance of \$11.0 million. As of March 31, 2026, the Company held \$0.7 million in restricted cash in the interest reserve account.

Notes Payable, Freedom LHV

On August 2, 2024, the Company, through Freedom LHV, an indirect subsidiary of the Company, borrowed approximately \$10.0 million from 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 and a \$28.6 million 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 is set to mature on February 8, 2027. The Note B Loan bears interest at a variable rate equal to the 30-day SOFR plus 6.46% and is set to mature on February 8, 2027. As of March 31, 2026, the Note A Loan and Note B Loan had an outstanding balance of \$23.7 million and \$11.4 million and effective interest rates of 5.69% and 10.15%, 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 Lender, LLC. On February 12, 2026, the PC & B Loan was paid in full and extinguished with proceeds from the OSL Loan.

On February 12, 2026, certain indirect subsidiaries of the Company entered into the OSL Loan with OSL, bearing interest at a fixed rate of 8.5% per annum and maturing on February 12, 2029, subject to certain extension rights. The OSL Loan was originally secured by mortgages on the Bradenton Hampton Inn & Suites and the Hyatt Place Park City, with allocated loan amounts of \$25.3 million and \$14.1 million, respectively. Following the sale of the Bradenton property on March 24, 2026, the OSL Loan is secured solely by the Hyatt Place Park City property as of March 31, 2026, with an outstanding balance of \$14.1 million.

The loan documents, including the guaranty, for 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 March 31, 2026, the net carrying amount of the convertible notes due to affiliates of the former NHT Adviser was \$52.3 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 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 17, 2027, with two one-year extension options. As of March 31, 2026, 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 March 31, 2026 for the next five calendar years subsequent to March 31, 2026.

	Payments Due by Period (in thousands)						
	Total	2026	2027	2028	2029	2030	Thereafter
Property Level Debt							
Principal payments	\$ 209,550	\$ 150,235	\$ 35,175	\$ —	\$ 24,140	\$ —	\$ —
Interest expense	10,238	4,840	2,467	2,202	729	—	—
Total	\$ 219,788	\$ 155,075	\$ 37,642	\$ 2,202	\$ 24,869	\$ —	\$ —
Prime Brokerage Borrowing							
Principal payments	\$ 4,875	\$ —	\$ —	\$ —	\$ —	\$ —	\$ 4,875 (1)
Interest expense	959	151	202	202	202	202	— (1)
Total	\$ 5,834	\$ 151	\$ 202	\$ 202	\$ 202	\$ 202	\$ 4,875
Series A Preferred Shares							
Distribution payments	N/A (2)	\$ 3,465	\$ 4,620	\$ 4,620	\$ 4,620	\$ 4,620	N/A (2)
Series B Preferred Shares							
Distribution payments	N/A (2)	\$ 2,133	\$ 2,844	\$ 2,844	\$ 2,844	\$ 2,844	N/A (2)
Credit Facility							
Principal payments	\$ 69,936	\$ 10,994	\$ 21,331	\$ —	\$ —	\$ —	\$ 37,611
Interest expense	23,566	2,065	1,595	1,416	1,416	1,416	15,658
Total	\$ 93,502	\$ 13,059	\$ 22,926	\$ 1,416	\$ 1,416	\$ 1,416	\$ 53,269
Total contractual obligations and commitments	\$ 354,578	\$ 173,883	\$ 68,234	\$ 11,284	\$ 33,951	\$ 9,082	\$ 58,144

- (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 12 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 become non-recoupable.

For the three months ended March 31, 2026, the Company expensed \$3.1 million, related to the Fees.

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. As of March 31, 2026, there is a remaining payable of advisory fees pursuant to the NHT Advisory Agreement of \$11.3 million.

Alewife 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 "Alewife Loan") to be made to IQHQ-Alewife Holdings, LLC ("Alewife Holdings") to the OP and allocated the right to fund up to 9% of the Alewife 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 Alewife Loan to OSL for cash and increased OSL's allocation

of the right to fund up to 10.32% of the Alewife 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 Alewife 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 Alewife 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, 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 Series E Warrant to any parties to the participation rights agreement.

As of March 31, 2026, 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 expense of \$0.9 million associated with the TRSs for the three months ended March 31, 2026, 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 expense is increased due to the annual change in valuation allowance on a deferred tax asset of \$0.1 million and income tax expense of \$0.8 million for the three months ended March 31, 2026, 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 March 31, 2026, 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 March 31, 2026 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 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 March 31, 2026. We and our 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 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).

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 our first quarter distribution on our common shares of \$0.15 per share which was paid 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. Our Board declared our first quarter distribution on our Series A Preferred Shares of \$0.34375 per share which was paid on March 31, 2026, to shareholders of record on March 24, 2026. Our Board declared our first quarter distributions on our Series B Preferred Shares of \$0.1875 per share each, which were paid on April 6, 2026, March 5, 2026 and February 5, 2026, to shareholders of record on March 25, 2026, February 25, 2026 and January 23, 2026, 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 March 31, 2026, 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 March 31, 2026, the outstanding NSP Series D Preferred Stock accrued dividends were \$15.1 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 March 31, 2026. 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 March 31, 2026. 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 for 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 \$137.0 million as of March 31, 2026. 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 for bankruptcy or similar liquidation or reorganization action or takes other actions that are fraudulent or improper. As of March 31, 2026, 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.

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

Valuation of Level 3 Investments

As of March 31, 2026, approximately 43.6% of the total assets owned by the Company are comprised of 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. The necessary inputs for these valuations include 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 three months ended March 31, 2026, the unrealized (losses) related to the change in fair value of Level 3 investments is \$10.1 million. See Note 8 to our consolidated financial statements, "Fair Value Financial Instruments", for further discussion of our valuation techniques and additional disclosures regarding Level 3 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 8 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. The Company did not record any impairment charges for the three months ended March 31, 2026 and 2025.

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 March 31, 2026 and December 31, 2025, there were no properties classified as held for sale. For the three months ended March 31, 2026 and 2025, the Company recorded approximately zero and \$1.8 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

We are a "smaller reporting company" as defined in the Securities Exchange Act of 1934 (the "Exchange Act"), and may elect to take advantage of certain of the scaled disclosures available to smaller reporting companies.

Item 3. Quantitative and Qualitative Disclosures about Market Risk

Not required.

Item 4. 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 March 31, 2026, 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 March 31, 2026, 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 system 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.

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 March 31, 2026 that has materially affected, or is reasonably likely to materially affect, our internal control over financial reporting.

PART II - OTHER INFORMATION

Item 1. 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 1A. Risk Factors

There have been no material changes to the risk factors previously disclosed under Part I, Item 1A, "Risk Factors" in our Annual Report on Form 10-K filed with the SEC on March 31, 2026.

Item 2. Unregistered Sales of Equity Securities and Use of Proceeds

Repurchase of Shares

On October 28, 2024, the Board authorized a share repurchase program through which the Company may 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 effect 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 NAV per share. During the three months ended March 31, 2026, the Company repurchased 515,437 of its common shares at a total cost of approximately \$2.2 million, or \$4.37 per share on average. Since the inception of the share repurchase program through March 31, 2026, the Company had repurchased 1,077,594 of its common shares at a total cost of approximately \$4.1 million, or \$3.84 per share.

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	562,157	\$ 3.35	562,157	\$ 18.1
January 1 – January 31	194,376	3.86	194,376	17.4
February 1 – February 28	156,037	4.81	156,037	16.6
March 1 – March 31	165,024	4.54	165,024	15.9
Total as of March 31, 2026	1,077,594	\$ 3.84	1,077,594	\$ 15.9

On January 16, 2026, the Company issued a total of 212,863.17 common shares of the Company to the Adviser as payment of a portion of the monthly Advisory fees pursuant to the Advisory Agreement. These shares were issued to the Adviser in a private placement in reliance upon Section 4(a)(2) of the Securities Act.

Item 3. Defaults Upon Senior Securities

None.

Item 4. Mine Safety Disclosures

Not applicable.

Item 5. Other Information

None.

Item 6. Exhibits**EXHIBIT INDEX**

Exhibit Number	Description
10.1	<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 (incorporated by reference to Exhibit 10.51 of the Company's Annual Report on Form 10-K filed with the SEC on March 31, 2026).</u>
10.2	<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 (incorporated by reference to Exhibit 10.52 of the Company's Annual Report on Form 10-K filed with the SEC on March 31, 2026).</u>
10.3	<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 (incorporated by reference to Exhibit 10.53 of the Company's Annual Report on Form 10-K filed with the SEC on March 31, 2026).</u>
10.4	<u>Membership Interest Purchase Agreement, by and among NXDT Hospitality Holdco, LLC and OSL Bradenton Downtown, LLC, dated March 24, 2026 (incorporated by reference to Exhibit 10.1 of the Company's Current Report on Form 8-K filed with the SEC on March 30, 2026).</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>
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
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.

SIGNATURES

Pursuant to the requirements 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.

NEXPOINT DIVERSIFIED REAL ESTATE TRUST

Signature	Title	Date
<u>/s/ Jim Dondero</u> Jim Dondero	President (Principal Executive Officer)	May 15, 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)	May 15, 2026

**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 Quarterly Report on Form 10-Q 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: May 15, 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 Quarterly Report on Form 10-Q 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: May 15, 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 Quarterly Report on Form 10-Q of NexPoint Diversified Real Estate Trust (the "Company") for the period ending March 31, 2026, 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: May 15, 2026

/s/ Jim Dondero
Jim Dondero
President
(Principal Executive Officer)

Dated: May 15, 2026

/s/ Paul Richards
Paul Richards
Chief Financial Officer, Executive VP-
Finance, Treasurer and Assistant Secretary
(Principal Financial Officer)
