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 June 30, 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)**	**80-0139099** **(I.R.S. Employer Identification No.)**
300 Crescent Court, Suite 700, Dallas, Texas **(Address of principal executive offices)**	**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	NXDT	New York Stock Exchange; NYSE Texas, Inc.
5.50% Series A Cumulative Preferred Shares, par value $0.001 per share ($25.00 liquidation preference per share)	NXDT-PA	New York Stock Exchange

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

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

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

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

As of August 14, 2026, the registrant had 53,106,027 common shares, par value $0.001 per share, outstanding.

NEXPOINT DIVERSIFIED REAL ESTATE TRUST

Form 10-Q
Quarter Ended June 30, 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 and/or extend the maturity of outstanding 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)

	June 30, 2026 (Unaudited)	December 31, 2025
ASSETS		
Consolidated Real Estate Investments		
Land	$ 61,160	$ 61,997
Buildings and improvements	291,826	317,395
Intangible lease assets	10,979	10,979
Construction in progress	23,912	21,237
Furniture, fixtures, and equipment	7,455	10,356
Right-of-use assets ($442 and $534 with related parties, respectively)	442	1,998
Total Gross Consolidated Real Estate Investments	395,774	423,962
Accumulated depreciation and amortization	(54,726)	(50,028)
Total Net Consolidated Real Estate Investments	341,048	373,934
Investments, at fair value ($423,772 and $421,746 with related parties, respectively)	568,440	568,610
Equity method investments ($0 and $700 with related parties, respectively)	30,587	33,788
Investments in DSTs ($33,559 and $33,559 with related parties, respectively)	33,559	33,559
Cash and cash equivalents	11,666	8,166
Restricted cash	39,871	43,241
Accounts receivable, net	2,427	2,868
Prepaid and other assets ($287 and $0 with related parties, respectively)	8,829	8,557
Accrued interest and dividends	2,370	1,366
Interest rate caps	—	65
Deferred tax asset, net	372	498
Total Assets	$ 1,039,169	$ 1,074,652
LIABILITIES AND EQUITY		
Liabilities:		
Mortgages payable, net ($14,140 and $10,000 with related parties, respectively)	$ 196,670	$ 224,995
Notes payable ($62,297 and $63,700 with related parties, respectively)	75,530	76,892
Prime brokerage borrowing	5,907	5,136
Accounts payable and other accrued liabilities	28,252	28,810
Income tax payable	268	273
Accrued real estate taxes payable	2,536	3,689
Accrued interest payable	12,058	10,627
Security deposit liability	422	403
Prepaid rents	416	437
Intangible lease liabilities, net	1,539	2,065
Lease liability ($454 and $546 with related parties, respectively)	454	546
Total Liabilities	324,052	353,873
Redeemable Series B Preferred Shares, $0.001 par value: 16,000,000 authorized; 1,878,475 and 911,003 shares issued and outstanding, respectively	41,825	20,379
Redeemable noncontrolling interests in the OP	294	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; 53,106,027 and 50,132,605 shares issued and outstanding, respectively	53	50
Additional paid-in capital	1,073,969	1,062,114
Accumulated earnings (loss)	(401,027)	(362,076)
Total Shareholders' Equity	672,998	700,091
TOTAL LIABILITIES AND EQUITY	$ 1,039,169	$ 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 June 30, 2026	For the Three Months Ended June 30, 2025	For the Six Months Ended June 30, 2026	For the Six Months Ended June 30, 2025
Revenues				
Rental income ($70, $69, $141 and $138 with related parties, respectively)	$ 2,937	$ 3,713	$ 5,829	$ 7,358
Rooms	4,379	6,281	12,157	16,631
Food and beverage	575	750	1,373	1,639
Interest income ($292, $375, $547 and $920 with related parties, respectively)	2,664	2,295	6,058	4,397
Dividend income ($7,683, $7,590, $15,339 and $15,113 with related parties, respectively)	8,016	7,682	15,679	19,492
Other income	766	313	1,116	591
Total revenues	19,337	21,034	42,212	50,108
Expenses				
Property operating expenses ($52, $52, $104, and $113 with related parties, respectively)	4,606	5,523	10,259	12,484
Property management fees ($225, $183, $424, and $363 with related parties, respectively)	324	387	794	906
Real estate taxes and insurance	1,669	1,573	3,062	3,414
Advisory and administrative fees	2,943	7,020	6,028	10,662
Property general and administrative expenses ($70, $69, $141, and $138 with related parties, respectively)	1,467	1,616	3,137	3,607
Corporate general and administrative expenses	2,714	1,020	6,150	3,947
Depreciation and amortization	3,498	4,028	7,213	7,937
Impairment loss	—	—	—	1,752
Total expenses	17,221	21,167	36,643	44,709
Operating income (loss)	2,116	(133)	5,569	5,399
Interest expense ($(718), $(571), $(1,589), and $(1,133) with related parties, respectively)	(5,311)	(6,637)	(11,000)	(13,913)
Equity in income (losses) of unconsolidated ventures ($(181), $160, $(419), and $206 with related parties, respectively)	(866)	190	(873)	(167)
Change in unrealized gains (losses) ($11,862, $(36,775), $(2,476), and $(56,711) with related parties, respectively)	6,538	(41,637)	(8,793)	(74,959)
Realized gains ($0, $3,462, $0, and $3,462 with related parties, respectively)	148	3,462	145	4,981
Loss on extinguishment of debt and modification costs (($210), $0, ($210), and $0 with related parties, respectively)	(210)	—	(210)	—
Gain (loss) on sales of real estate	—	26	(2,784)	37
Net income (loss) before income taxes	2,415	(44,729)	(17,946)	(78,622)
Income tax (expense) benefit	(374)	641	(1,283)	(572)
Net income (loss)	2,041	(44,088)	(19,229)	(79,194)
Net loss attributable to Series A Preferred Shareholders	(1,155)	(1,155)	(2,310)	(2,310)
Net loss attributable to Series B Preferred Shareholders	(825)	(28)	(1,379)	(30)
Net income attributable to noncontrolling interests in NHT	—	—	—	1,945
Net income attributable to redeemable noncontrolling interests in the OP	—	20	9	20
Net income (loss) attributable to common shareholders	$ 61	$ (45,251)	$ (22,909)	$ (79,569)
Weighted average common shares outstanding - basic	51,753	45,687	50,923	44,303
Weighted average common shares outstanding - diluted	60,440	45,687	50,923	44,303
Loss per share - basic	$ —	$ (0.99)	$ (0.45)	$ (1.80)
Loss per share - diluted	$ —	$ (0.99)	$ (0.45)	$ (1.80)

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					
Three Months Ended June 30, 2026	**Number of Shares**	**Amount**	**Number of Shares**	**Amount**	**Additional Paid-in Capital**	**Accumulated Earnings (Loss)**	**Common Stock Held in Treasury at Cost**	**Total**
Balances, March 31, 2026	3,359,593	$ 3	51,650,102	$ 52	$ 1,068,562	$ (392,957)	$ (1,010)	$ 674,650
Stock-based compensation expense	—	—	414,093	1	726	—	—	727
Net income attributable to common shareholders	—	—	—	—	—	61	—	61
Net income attributable to Series A preferred shareholders	—	—	—	—	—	1,155	—	1,155
Repurchases of common stock	—	—	—	—	—	—	(515)	(515)
Retirement of common stock held in treasury	—	—	(329,844)	(1)	(1,524)	—	1,525	—
Common stock distributions declared ($0.15 per share)	—	—	1,371,676	1	6,205	(8,131)	—	(1,925)
Series A Preferred distributions declared ($0.34375 per share)	—	—	—	—	—	(1,155)	—	(1,155)
Balances, June 30, 2026	3,359,593	$ 3	53,106,027	$ 53	$ 1,073,969	$ (401,027)	$ —	$ 672,998

	Series A Preferred Shares		Common Shares					
Six Months Ended June 30, 2026	**Number of Shares**	**Amount**	**Number of Shares**	**Amount**	**Additional Paid-in Capital**	**Accumulated Earnings (Loss)**	**Common Stock Held in Treasury at Cost**	**Total**
Balances, December 31, 2025	3,359,593	$ 3	50,132,605	$ 50	$ 1,062,114	$ (362,076)	$ —	$ 700,091
Stock-based compensation expense	—	—	583,291	1	1,517	—	—	1,518
Shares issued to Adviser for admin and advisory fees	—	—	212,863	—	894	—	—	894
Net loss attributable to common shareholders	—	—	—	—	—	(22,909)	—	(22,909)
Net income attributable to Series A preferred shareholders	—	—	—	—	—	2,310	—	2,310
Repurchases of common stock	—	—	—	—	—	—	(2,765)	(2,765)
Retirement of common stock held in treasury	—	—	(624,920)	(1)	(2,764)	—	2,765	—
Common stock distributions declared ($0.30 per share)	—	—	2,802,188	3	12,208	(16,042)	—	(3,831)
Series A Preferred distributions declared ($0.6875 per share)	—	—	—	—	—	(2,310)	—	(2,310)
Balances, June 30, 2026	3,359,593	$ 3	53,106,027	$ 53	$ 1,073,969	$ (401,027)	$ —	$ 672,998

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 June 30, 2025	Series A Preferred Shares Number of Shares	Series A Preferred Shares Amount	Common Shares Number of Shares	Common Shares Amount	Additional Paid-in Capital	Accumulated Earnings (Loss)	Noncontrolling Interests	Total
Balances, March 31, 2025	3,359,593	$ 3	44,517,013	$ 45	$ 1,046,414	$ (243,747)	$ (4,915)	$ 797,800
Stock-based compensation expense	—	—	114,604	—	1,671	—	—	1,671
Shares issued to Adviser for admin and advisory fees	—	—	298,883	1	1,391	—	—	1,392
Net loss attributable to common shareholders	—	—	—	—	—	(45,251)	—	(45,251)
Net income attributable to Series A preferred shareholders	—	—	—	—	—	1,155	—	1,155
Common stock dividends declared ($0.15 per share)	—	—	1,406,836	—	5,486	(7,172)	—	(1,686)
Series A Preferred distributions declared ($0.34375 per share)	—	—	—	—	—	(1,155)	—	(1,155)
Acquisition of noncontrolling interests in NHT	—	—	1,084,593	1	(6,134)	—	4,915	(1,218)
Balances, June 30, 2025	3,359,593	$ 3	47,421,929	$ 47	$ 1,048,828	$ (296,170)	$ —	$ 752,708

Six Months Ended June 30, 2025	Series A Preferred Shares Number of Shares	Series A Preferred Shares Amount	Common Shares Number of Shares	Common Shares Amount	Additional Paid-in Capital	Accumulated Earnings (Loss)	Noncontrolling Interests	Total
Balances, December 31, 2024	3,359,593	$ 3	42,679,569	$ 43	$ 1,039,280	$ (202,818)	$ (2,970)	$ 833,538
Stock-based compensation expense	—	—	358,173	—	2,153	—	—	2,153
Shares issued to Adviser for admin and advisory fees	—	—	556,436	1	2,893	—	—	2,894
Net loss attributable to common shareholders	—	—	—	—	—	(79,569)	—	(79,569)
Net loss attributable to noncontrolling interests	—	—	—	—	—	—	(1,945)	(1,945)
Net income attributable to Series A preferred shareholders	—	—	—	—	—	2,310	—	2,310
Common stock distributions declared ($0.30 per share)	—	—	2,743,158	2	10,636	(13,783)	—	(3,145)
Series A Preferred distributions declared ($0.6875 per share)	—	—	—	—	—	(2,310)	—	(2,310)
Acquisition of noncontrolling interests in NHT	—	—	1,084,593	1	(6,134)	—	4,915	(1,218)
Balances, June 30, 2025	3,359,593	$ 3	47,421,929	$ 47	$ 1,048,828	$ (296,170)	$ —	$ 752,708

See Notes to Consolidated Financial Statements

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

	For the Six Months Ended June 30, 2026	For the Six Months Ended June 30, 2025
Cash flows from operating activities		
Net loss	$ (19,229)	$ (79,194)
Adjustments to reconcile net loss to net cash (used in) provided by operating activities:		
Depreciation and amortization	7,213	7,937
Amortization of intangible lease assets and liabilities	(486)	(497)
Amortization of deferred financing costs	349	339
Amortization of fair value adjustment of assumed debt	731	820
Paid-in-kind interest and dividends ($(2,890) and $(2,824) with related parties, respectively)	(7,446)	(5,363)
Net cash (paid) received on derivative settlements	65	(308)
Proceeds from paid-in-kind interest and dividends ($383 and $518 with related parties, respectively)	393	528
Realized gains ($0 and $3,462 with related parties, respectively)	(145)	(4,981)
Net change in unrealized loss on investments held at fair value ($2,476 and $(56,711) with related parties, respectively)	8,793	74,959
Unrealized loss on interest rate derivatives	—	(12)
Impairment loss	—	1,752
Equity in losses of unconsolidated ventures (($419) and $206 with related parties, respectively)	873	167
Distributions of earnings from unconsolidated ventures	2,353	5,343
Stock-based compensation expense	2,449	2,467
Loss (gain) on sales of real estate	2,784	(37)
Loss (gain) on extinguishment of debt and modification costs	210	—
Equity security dividends reinvested ($(1,398) and $(1,310) with related parties, respectively)	(1,398)	(1,310)
Deferred tax expense	126	(228)
Changes in operating assets and liabilities, net of effects of acquisitions:		
Income tax payable	(5)	(255)
Real estate taxes payable	(1,153)	2,404
Operating assets	(1,043)	1,681
Operating liabilities	(565)	939
Net cash (used in) provided by operating activities:	(5,131)	7,151
Cash flows from investing activities		
Proceeds from asset redemptions ($2,101 and $18,282 with related parties, respectively)	2,435	18,312
Sale of consolidated real estate investment	26,197	28,306
Proceeds from return of investment	2,284	15,054
Purchases of investments ($(2,462) and $(11,558) with related parties, respectively)	(2,462)	(25,518)
Additions to consolidated real estate investments	(3,109)	(1,294)
Net cash provided by investing activities	25,345	34,860
Cash flows from financing activities		
Mortgage proceeds received	50,765	411
Mortgage payments	(79,021)	(33,952)
Prime brokerage borrowing	1,732	3,497
Credit facilities payments	(2,164)	(8,665)
Prime brokerage payments	(961)	(309)
Deferred financing costs paid	(587)	(522)
Payments for taxes related to net share settlement of stock-based compensation	(931)	(314)
Proceeds from issuance of Series B Preferred Shares through public offering, net of redemptions and offering costs	21,446	3,171
Repurchase of common shares	(2,765)	—
Distributions paid to Series A Preferred Shareholders	(2,310)	(2,310)
Distributions paid to Series B Preferred Shareholders	(1,379)	(30)
Distributions paid to common shareholders	(3,903)	(3,015)
Distributions to redeemable noncontrolling interests in the OP	(6)	(3)
Net cash used in financing activities:	(20,084)	(42,041)
Net increase (decrease) in cash, cash equivalents and restricted cash	130	(30)
Cash, cash equivalents and restricted cash, beginning of period	51,407	48,901
Cash, cash equivalents and restricted cash, end of period	$ 51,537	$ 48,871

Supplemental Disclosure of Cash Flow Information		
Interest paid	8,838	12,101
Income tax paid	700	1,300
Supplemental Disclosure of Noncash Activities		
Non-cash distribution payment, paid in common shares	12,211	10,638
(Decrease) increase in dividends payable upon vesting of restricted stock units	(72)	128
Notes payable assumed in acquisition of NexPoint Hospitality Trust	—	784
Change to additional paid-in capital from the merger of NexPoint Hospitality Trust	—	(6,059)
Redeemable noncontrolling interest in the OP from the acquisition of NexPoint Hospitality Trust	—	359
Noncontrolling interests extinguished in merger of NexPoint Hospitality Trust	—	4,915
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 June 30, 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, 2027 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 June 30, 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 (nxdt.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 June 30, 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 June 30, 2026				**As of December 31, 2025**			
	NHF TRS	NREO TRS	NHT TRSs	Combined	NHF TRS	NREO TRS	NHT TRSs	Combined
Deferred Tax Assets	$ 13,600	$ 620	$ 5,289	$ 19,509	$ 13,913	$ 583	$ 5,050	$ 19,546
Valuation Allowance	(11,172)	(137)	(5,268)	(16,577)	(11,486)	—	(5,050)	(16,536)
Deferred Tax Liability	—	(2,539)	(21)	(2,560)	—	(2,512)	—	(2,512)
Deferred Tax Asset (Liability), net of Valuation Allowance	$ 2,428	$ (2,056)	$ —	$ 372	$ 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 and six months ended June 30, 2026 were 15.49% and (7.15)%, respectively. Our effective tax rates for the three and six months ended June 30, 2025 were (1.43)% and (0.73)%, 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 June 30, 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 six months ended June 30, 2026.

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 six months ended June 30, 2026 and 2025, in accordance with the guidance prior to the adoption of ASU 2023-09. Income tax expense (benefit) for the six months ended June 30, 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 Six Months Ended June 30,			
	2026		2025	
Expected tax at U.S. federal statutory income tax rate	$ (3,769)	21.0%	$ (16,511)	21.0%
Non-taxable REIT income	5,092	-28.4%	23,250	-29.6%
Change in valuation allowance	(40)	0.2%	(6,167)	7.8%
Total expense (benefit)	$ 1,283	-7.1%	$ 572	-0.7%

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 variable interest entities ("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 June 30, 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 June 30, 2026 and December 31, 2025:

					Effective Ownership Percentage at	
Property Name		Location	Year Acquired		June 30, 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 NexPoint Hospitality Trust ("NHT") or its predecessor acquired the property.

(3) Property was sold during the six months ended June 30, 2026.

4. Consolidated Real Estate Investments

As of June 30, 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	$ 10,775	$ 1,921	$ (101)	$ —	$ 17	$ 13	$ 13,940
5916 W Loop 289	851	2,594	—	—	—	—	—	3,445
Cityplace	18,812	195,429	9,058	(6,669)	—	19,302	379	236,311
NexPoint Dominion Land, LLC	26,500	—	—	—	—	—	—	26,500
Dallas Hilton Garden Inn	4,116	24,837	—	—	—	1,008	1,587	31,548
St. Petersburg Marriott	5,829	37,879	—	—	—	2,612	2,310	48,630
Hyatt Place Park City	3,737	20,312	—	—	—	973	3,166	28,188
HUB Research Triangle Park	—	—	—	—	442	—	—	442
	61,160	291,826	10,979	(6,770)	442	23,912	7,455	389,004
Accumulated depreciation and amortization	—	(42,448)	(9,599)	5,231	—	—	(2,679)	(49,495)
Total Operating Properties	$ 61,160	$ 249,378	$ 1,380	$ (1,539)	$ 442	$ 23,912	$ 4,776	$ 339,509

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 $3.2 million and $6.6 million for the three and six months ended June 30, 2026 and $3.5 million and $7.1 million for the three and six months ended June 30, 2025. Amortization expense related to the Company's intangible lease assets was $0.2 million and $0.4 million for the three and six months ended June 30, 2026 and $0.2 million and $0.4 million for the three and six months ended June 30, 2025. Amortization expense related to the Company's intangible lease liabilities was $0.3 million and $0.5 million for the three and six months ended June 30, 2026 and $0.3 million and $0.5 million for the three and six months ended June 30, 2025. The net amount amortized as an increase to rental revenue for capitalized above and below-market lease intangibles was $0.2 million and $0.5 million for the three and six months ended June 30, 2026, respectively, and $0.2 million and $0.5 million for the three and six months ended June 30, 2025, respectively.

Acquisitions

There were no acquisitions by the Company during the six months ended June 30, 2026 and 2025.

Dispositions

The Company sold one property during the six months ended June 30, 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 Hampton Inn & Suites	Bradenton, Florida	March 24, 2026	$ 26,300	$ 26,197	$ (2,784)

The Company sold three properties during the six months ended June 30, 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
Addison Property	Addison, Texas	April 18, 2025	$ 6,400	$ 6,308	$ (88)
Las Colinas HomeWood Suites	Las Colinas, Texas	April 8, 2025	$ 14,000	$ 13,844	$ 114

5. Debt

The following table contains summary information of the Company's debt as of June 30, 2026 and December 31, 2025 (dollars in thousands):

Description		Type	Outstanding principal as of June 30, 2026	Outstanding principal as of December 31, 2025	Interest Rate	Maturity Date (7)
Mortgages Payable						
Cityplace Note A-1	(1)	Floating	$ 96,915	$ 97,755	5.98%	11/8/2026
Cityplace Note A-2	(1)	Floating	12,200	12,306	5.98%	11/8/2026
Cityplace Note B-1	(1)	Floating	21,200	21,384	9.98%	11/8/2026
Cityplace Note B-2	(1)	Floating	2,669	2,692	9.98%	11/8/2026
Cityplace Mezz Note-1	(1)	Floating	3,029	3,055	9.98%	11/8/2026
Cityplace Mezz Note-2	(1)	Floating	381	385	9.98%	11/8/2026
NHT - Note A	(2)	Floating	23,743	26,381	5.65%	2/8/2027
NHT - Note B	(2)	Floating	11,432	12,702	10.11%	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	11,375	10,000	10.55%	6/26/2031
Notes Payable						
Dominion Note		Floating	13,250	13,250	6.75%	8/8/2027
NexBank Revolver	(5)	Floating	8,830	10,994	7.11%	11/21/2026
Convertible Notes Due to Affiliates		Fixed	58,111	58,111	2.25% - 7.50%	2/14/2027 - 9/30/2042
Promissory Notes Due to Affiliates		Fixed	847	817	7.33%	4/17/2027
Prime Brokerage Borrowing						
Jefferies Line of Credit		Floating	5,907	5,136	4.12%	N/A (8)
Total Debt			$ 284,029	$ 313,548		
Fair market value adjustment, net of accumulated amortization	(6)		(5,491)	(6,222)		
Deferred financing costs			(431)	(303)		
			$ 278,107	$ 307,023		

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

(2) This debt is secured by the following properties: Dallas Hilton Garden Inn and the St. Petersburg Marriott.

(3) As of December 31, 2025, this debt was secured by the following properties: Hyatt Place Park City and Bradenton Hampton Inn & Suites. As of June 30, 2026, following the sale of the Bradenton Hampton Inn & Suites on March 24, 2026, this debt is secured by the following property: Hyatt Place 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 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 July 8, 2026, the lender agreed to defer the maturity to November 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 $136.4 million principal balance outstanding as of June 30, 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 6.78% as of June 30, 2026 and 7.65% as of December 31, 2025. The one-month Secured Overnight Financing Rate ("SOFR") was 3.63% as of June 30, 2026 and 3.79% 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 June 30, 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”). On June 26, 2026, Freedom LHV entered into a loan agreement with Vista Bank ("Vista"), pursuant to which Vista made a loan to Freedom LHV in the principal amount of $11.4 million (the “Vista Loan”). The proceeds of the Vista Loan were used to repay in full the loan provided by OSL. The Vista Loan bears interest at a variable rate based on one-month Term SOFR, has an initial maturity date of June 26, 2031 and is secured by certain real property held by Freedom LHV.

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. Effective August 8, 2026, the Company elected to use the second one-year extension option to extend the maturity date to August 8, 2027.

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 Dallas Hilton Garden Inn and the St. Petersburg Marriott. The Note A Loan and Note B Loan are each 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 (as defined below). For the six months ended June 30, 2026, the Company paid $0.7 million and $0.6 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 Hyatt Place Park City and Bradenton Hampton Inn & Suites 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 June 30, 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 June 30, 2026, the outstanding balance of the OSL Loan was $14.1 million, secured solely by the Hyatt Place Park City property. For the six months ended June 30, 2026, the Company incurred interest expense of $0.7 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 June 30, 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. NREP's purchase of the NHT Units was funded in part by $0.8 million of cash provided by the Company to NREP. 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 assigned to NREO its right to purchase the NHT Units, and all voting, consent and financial rights associated with ownership thereof, under the Purchase Agreement (the "NHT Acquisition"). As a result, upon the closing of the NHT Acquisition, the Company owned 53.65% of the outstanding NHT Units and was determined to hold the controlling financial interest in NHT and thereafter 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.

Prior to the NHT Merger, 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”). In connection with the closing of the NHT Merger on April 17, 2025, the notes were amended and restated and the obligations thereunder were assumed by NXDT Hospitality Holdco, LLC (“Hospitality Holdco”), a wholly-owned subsidiary of the Company. Certain of the notes, representing an aggregate principal amount of $0.1 million, provide the holders with the right to convert both outstanding principal and accrued interest into membership interest units of Hospitality Holdco (the “Hospitality Holdco Units”) at any time while the notes remain outstanding based on the fair market price of the Hospitality Holdco Units at the time of conversion. Notes issued to affiliates with an initial aggregate principal balance of $13.3 million that were previously convertible into Hospitality Holdco Units were amended to remove the conversion feature on March 4, 2025. A portion of the notes representing an initial aggregate principal amount of $44.2 million (the “Fixed Rate Convertible Notes”), are convertible as to principal only into Hospitality Holdco Units, at fixed conversion prices ranging from $1.44 to $2.50, during the five-year period following their respective issuance dates. As of June 30, 2026, $38.0 million aggregate principal amount of the Fixed Rate Convertible Notes were convertible. No Fixed Rate Convertible Notes will remain convertible after September 30, 2027. 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 June 30, 2026, the net carrying amount of the convertible notes due to affiliates of the NHT Adviser was $52.6 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 June 30, 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. On May 21, 2026, the Company elected to extend the maturity by six months to November 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 June 30, 2026, the Company had a margin balance of approximately $5.9 million outstanding with Jefferies bearing interest at the Overnight Bank Funding Rate plus 0.50%. Securities with a fair value of approximately $21.6 million are pledged as collateral against this margin balance. This arrangement has no stated maturity date. Due to the short-term nature of the debt, the fair value of the debt is approximately the outstanding balance.

Schedule of Debt Maturities

The aggregate scheduled maturities, including amortizing principal payments, of total debt for the next five calendar years subsequent to June 30, 2026 are as follows (in thousands):

	Credit Facilities	Mortgages Payable	Notes Payable	Prime Brokerage Borrowing	Total
2026	$ 8,830	$ 136,394	$ —	$ —	$ 145,224
2027	—	35,175	34,597	—	69,772
2028	—	—	—	—	—
2029	—	14,140	—	—	14,140
2030	—	—	—	—	—
Thereafter	—	11,375	37,611	5,907	54,893
Total	$ 8,830	$ 197,084	$ 72,208	$ 5,907	$ 284,029

6. Variable Interest Entities

As of June 30, 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:

				Percentage Ownership as of		Relationship as of	
Entities	Instrument	Asset Type		June 30, 2026	December 31, 2025	June 30, 2026	December 31, 2025
Unconsolidated Entities:							
NexPoint Storage Partners, Inc.	Common stock	Self-storage		54.5%	53.0%	VIE	VIE
NexPoint Storage Partners Operating Company, LLC	LLC interest	Self-storage		33.7%	33.8%	VIE	VIE
Las Vegas Land Owner, LLC	LLC interest	Multifamily		75.0%	77.7%	VIE	VOE
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	(1)	0.0%	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		12.0%	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	(2)	100%	100%	VIE	VIE
AMS C-Store JV, LLC	Preferred Shares	Retail	(3)	100%	100%	VIE	VIE

(1) Capital Acquisitions Partners, LLC redeemed the remaining interests on June 8, 2026.
(2) 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.

(3) 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 June 30, 2026 and December 31, 2025.

7. Equity Method Investments

Below is a summary of the Company's equity method investments as of June 30, 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%	$ 7,750	$ (9,590)	$ 17,340	$ (563)
AM Uptown Hotel, LLC	LLC interest	Hospitality	60.0%(3)	(6,940)	371	(7,311)	243
Las Vegas Land Owner, LLC	LLC interest	Multifamily	75.0%(4)	10,269	10,269	—	(244)
Perilune Aero Equity Holdings One, LLC	LLC interest	Aircraft	16.4%(7)	12,568	11,756	812	(83)
Capital Acquisitions Partners, LLC	LLC interest	Multifamily	20.9%	—	—	—	(226)
				$ 23,647	$ 12,806	$ 10,841	$ (873)

Below is a summary of the Company's investments as of June 30, 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)	$ 62,261
NexPoint Real Estate Finance, Inc.	Common stock	Mortgage	15.8%(6)	45,760
Claymore Holdings, LLC	LLC interest	N/A	50.0%(5)	—
VineBrook Homes Operating Partnership, L.P.	LP interest	Single-family rental	12.0%(6)	111,015
NexPoint Storage Partners, Inc.	Common stock	Self-storage	54.5%(3)	55,441
NexPoint Storage Partners Operating Company, LLC	LLC interest	Self-storage	33.7%	35,946
NexPoint SFR Operating Partnership, L.P.	LP interest	Single-family rental	28.0%	21,632
LLV Holdco, LLC	LLC interest	Land	26.8%	2,201
AMS C-Store JV, LLC	Preferred stock	Retail	100.0%(8)	19,131
				$ 353,387

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
				$ 29,157	$ 16,546	$ 12,611	$ (1,289)

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
				$ 351,458

(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 (“LVLO”). As of December 31, 2025, LVLO held an undivided 77% interest in an 8.5-acre tract of land (the “Tivoli North Property”), as a tenant in common. The Company shared control through the tenancy in common arrangement and, as such, accounted for this investment using the equity method. Following a reorganization in the second quarter of 2026, the Tivoli North Property is owned by Tivoli North Apartment Venture LLC (the “Venture”) and as of June 30, 2026 LVLO holds 75% of the common membership interests of the Venture but is not the manager of the Venture. The Company accounts for this investment using the equity method as it has significant influence but is not deemed by the Company to be the primary beneficiary (for a VIE) and as such, accounts for the investee 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 this entity.

(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 June 30, 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 three months ended March 31, 2026 for the Company's significant equity method investments (dollars in thousands):

	NREF	VineBrook
Revenues		
Rental income	$ 2,137	$ 78,956
Net interest income	15,299	—
Other income	15,197	8,453
Total revenues	$ 32,633	$ 87,409
Expenses		
Total expenses	$ 9,999	$ 128,409
Loss on sales and impairment of real estate	(1)	(2,493)
Other income (expense)	—	132
Total comprehensive income (loss)	$ 22,633	$ (43,361)

The table below presents the summarized statement of operations for the three months ended March 31, 2025 for the Company's significant equity method investments (dollars in thousands):

	VineBrook	NSP
Revenues		
Rental income	$ 90,384	$ 29,697
Net interest income	—	403
Other income	2,377	1,277
Total revenues	$ 92,761	$ 31,377
Expenses		
Total expenses	$ 130,943	$ 27,317
	—	—
Gain (loss) on sales and impairment of real estate	(464)	—
Other income (expense)	(506)	(22,392)
Unrealized gain (loss) on derivatives	—	—
Total comprehensive income (loss)	$ (39,152)	$ (18,332)

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 June 30, 2026 (in thousands):

	Fair Value			
	Level 1	Level 2	Level 3	Total
Assets				
Bond	$ —	$ 49	$ —	$ 49
Common stock	60,474	—	118,492	178,966
Convertible notes	—	—	12,019	12,019
LLC interest	—	—	57,278	57,278
LP interest	—	62,260	132,647	194,907
Preferred Shares	—	—	74,028	74,028
Rights and warrants	—	—	4	4
Senior loan	—	59	51,130	51,189
	$ 60,474	$ 62,368	$ 445,598	$ 568,440

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
	$ 57,278	$ 56,670	$ 454,662	$ 568,610

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 six months ended June 30, 2026 (in thousands):

	December 31, 2025	Contributions/ purchases	Paid in-kind dividends	Redemptions / conversions	Realized gain/ (loss)	Unrealized gain/ (loss)	June 30, 2026
Common stock	$ 120,690	$ 1,500	$ —	$ —	$ (9)	$ (3,689)	$ 118,492
Convertible notes	11,994	—	—	—	—	25	12,019
LLC interest	54,488	—	1,701	—	—	1,089	57,278
LP interest	147,172	1,398	—	—	—	(15,923)	132,647
Preferred Shares	73,388	—	2,890	(2,250)	—	—	74,028
Rights and warrants	4	—	—	—	—	—	4
Senior loan	46,926	961	2,855	(235)	—	623	51,130
Total	$ 454,662	$ 3,859	$ 7,446	$ (2,485)	$ (9)	$ (17,875)	$ 445,598

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 six months ended June 30, 2025 (in thousands):

	December 31, 2024	Contributions/ purchases	Paid in-kind dividends	Redemptions / conversions	Realized gain/ (loss)	Unrealized gain/ (loss)	June 30, 2025
Common stock	$ 157,828	$ —	$ —	$ (3,687)	$ 1,511	$ (29,180)	$ 126,472
Convertible notes	20,846	—	—	(7,001)	—	236	14,081
LLC interest	36,777	22,345	—	(3,995)	3,462	(7,116)	51,473
LP interest	189,659	1,310	—	—	—	(23,571)	167,398
Preferred Shares	69,895	—	2,824	—	—	—	72,719
Rights and warrants	—	—	—	—	—	—	—
Senior loan	43,693	—	2,514	(522)	2	260	45,947
Total	$ 518,698	$ 23,655	$ 5,338	$ (15,205)	$ 4,975	$ (59,371)	$ 478,090

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 June 30, 2026.

Category	Valuation Technique	Significant Unobservable Inputs	Input/Range Values	Fair Value
Common Stock	Market Approach	Unadjusted Price/MHz-PoP	$0.10 - $1.10 ($0.565)	**$ 118,492**
	Discounted Cash Flow	Discount Rate	7.00% - 13.50 % (9.375%)	
		Market Rent (per sqft)	$13.00 - $42.50 ($27.75)	
	NAV Approach	Discount Rate	10.00%	
		NAV per Share	$ 3.27	
	Multiples Analysis	Multiple of EBITDA	3.25x - 4.50x (3.875x)	
	Recent Transaction	Implied Enterprise Value from Transaction Price ($mm)	$ 1,211.50	
Convertible Notes	Discounted Cash Flow	Discount Rate	6.33% - 8.58% (7.38%)	**12,019**
LLC Interest	Discounted Cash Flow	Discount Rate	7.00% - 27.00% (12.75%)	**57,278**
		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%)	**132,647**
		Terminal Capitalization Rate	6.09%	
	NAV Approach	Discount Rate	7.50% - 12.50% (10.00%)	
		NAV per Share	4.625% - 5.125% (4.75%)	
Preferred Shares	Liquidation Analysis	Par	$ 1,000.00	**74,028**
Rights and Warrants		Price per Share	$ 0.08	**4**
Senior Loan	Discounted Cash Flow	Discount Rate	12.50% - 17.50% (14.13%)	**51,130**
Total				**$ 445,598**

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

Financial Instruments Not Carried at Fair Value

At June 30, 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 June 30, 2026 and December 31, 2025, except for the following debt (in thousands):

	June 30, 2026		December 31, 2025	
	Outstanding Principal Balance	Estimated Fair Value	Outstanding Principal Balance	Estimated Fair Value
Notes payable	$ 81,038	$ 65,682	$ 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 June 30, 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 Hyatt Place Park City and Bradenton Inn & Suites properties. As of June 30, 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 six months ended June 30, 2026 and 2025, the Company recorded $0 and $(11.5) 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%	February 5, 2026

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 $1.0 million, respectively, in dividend income for the three and six months ended June 30, 2026. The Company recognized $0.5 million and $0.9 million, respectively, in dividend income for the three and six months ended June 30, 2025.

As of June 30, 2026, the Company held the following investments (dollars in thousands):

Balances, as of June 30, 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 June 30, 2026, the Company had 53,106,027 common shares issued and outstanding, 2,973,422 of which were issued during the six months ended June 30, 2026.

During the six months ended June 30, 2026, the Company made the following distributions:

Payment Date (1)	Distribution Rate per Share		Ex-Date	Record Date
June 30, 2026	$	0.15	5/22/2026	5/22/2026
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 June 30, 2025, the Company had 47,421,929 common shares issued and outstanding. 4,742,360 common shares were issued during the six months ended June 30, 2025.

During the six months ended June 30, 2025, the Company made the following distributions:

Payment Date (1)	Distribution Rate per Share	Ex-Date	Record Date
June 30, 2025	$ 0.15	5/9/2025	5/9/2025
March 31, 2025	$ 0.15	2/28/2025	2/28/2025

(1) The distributions paid consisted of a combination of cash and shares, with the cash component of the distribution (other than cash paid in lieu of fractional shares) comprising 20% of the distribution, with the balance being paid in the Company's common shares.

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 six months ended June 30, 2026, the Company made the below distributions on its Series A Preferred Shares:

Payment Date	Distribution Rate per Share	Ex-Date	Record Date
June 30, 2026	$ 0.34375	6/23/2026	6/23/2026
March 31, 2026	$ 0.34375	3/24/2026	3/24/2026

During the six months ended June 30, 2025, the Company made the below distributions on its Series A Preferred Shares:

Payment Date	Distribution Rate per Share	Ex-Date	Record Date
June 30, 2025	$ 0.34375	6/23/2025	6/23/2025
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 June 30, 2026, the Company has issued 1,881,675 Series B Preferred Shares for gross proceeds of $46.1 million before deducting selling commissions and dealer manager fees of approximately $3.7 million, and organization and offering costs of approximately $0.2 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 six months ended June 30, 2026, the Company declared the below distributions on its Series B Preferred Shares:

Payment Date	Distribution Rate per Share	Ex-Date	Record Date
October 5, 2026	$ 0.18750	9/25/2026	9/25/2026
September 8, 2026	$ 0.18750	8/25/2026	8/25/2026
August 5, 2026	$ 0.18750	7/24/2026	7/24/2026
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 six months ended June 30, 2025, the Company declared the below distributions on its Series B Preferred Shares:

Payment Date	Distribution Rate per Share		Ex-Date	Record Date
October 6, 2025	$	0.18750	9/25/2025	9/25/2025
September 5, 2025	$	0.18750	8/25/2025	8/25/2025
August 5, 2025	$	0.18750	7/25/2025	7/25/2025
July 7, 2025	$	0.18750	6/25/2025	6/25/2025
June 5, 2025	$	0.18750	5/23/2025	5/23/2025
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 six months ended June 30, 2026, the Company repurchased 624,920 of its common shares at a total cost of approximately $2.8 million, or $4.42 per share on average. During the six months ended June 30, 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 "Original 2023 LTIP", as amended by the A&R 2023 LTIP (as defined below), the "2023 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 Original 2023 LTIP. On June 10, 2025, the Company's shareholders approved an amendment and restatement of the Original 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 2023 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 (collectively, "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").

On June 2, 2026, the Company's shareholders approved the NexPoint Diversified Real Estate Trust 2025 Long Term Incentive Plan (the "2026 LTIP" and together with the 2023 LTIP, the "LTIPs") and on June 2, 2026, the Company filed a registration statement on Form S-8 registering 1,872,000 common shares, which the Company may issue pursuant to the 2026 LTIP. Under the 2026 LTIP, Awards 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. As of the date of adoption of the 2026 LTIP, no further Awards can be made under the 2023 LTIP.

Restricted Share Units. Under the 2026 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.

As of June 30, 2026 and December 31, 2025, the Company had 2,954,518 and 2,463,802 unvested restricted share units outstanding under the LTIPs, respectively.

The following table includes the number of restricted share units granted, vested, forfeited and outstanding as of and for the six months ended June 30, 2026:

	2026			
	Number of Units			Weighted Average Grant Date Fair Value
Outstanding January 1, 2026	2,463,802		$	5.81
Granted	1,290,544			4.95
Vested	(796,812)	(1)		4.56
Forfeited	(3,016)			4.20
Outstanding June 30, 2026	2,954,518		$	5.77

(1) Certain key employees of the Adviser elected to net the taxes owed upon the vesting against the shares issued resulting in 583,291 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 LTIPs as of June 30, 2026:

	Shares Vesting				
	February	March	April	June	Total
2026	—	—	—	—	—
2027	355,298	234,527	246,545	253,000	1,089,370
2028	661,973	234,527	—	—	896,500
2029	661,973	—	—	—	661,973
2030	306,675	—	—	—	306,675
Total	1,985,919	469,054	246,545	253,000	2,954,518

For the three months ended June 30, 2026 and 2025, the Company recognized approximately $1.3 million and $1.0 million, respectively, of equity-based compensation expense related to grants of restricted share units. For the six months ended June 30, 2026 and 2025, the Company recognized approximately $2.4 million and $1.8 million, respectively, of equity-based compensation expense related to grants of restricted share units. As of June 30, 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 June 30, 2026, total unrecognized compensation expense on restricted share units was approximately $13.3 million, and the expense is expected to be recognized over a weighted average vesting period of 1.7 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 June 30, 2026	Three Months Ended June 30, 2025	Six Months Ended June 30, 2026	Six Months Ended June 30, 2025
Numerator for loss per share:					
Net income (loss)		$ 2,041	$ (44,088)	$ (19,229)	$ (79,194)
Net loss attributable to Series A Preferred Shareholders		(1,155)	(1,155)	(2,310)	(2,310)
Net loss attributable to Series B Preferred Shareholders		(825)	(28)	(1,379)	(30)
Net income attributable to noncontrolling interests in NHT		—	—	—	1,945
Net income attributable to redeemable noncontrolling interests in the OP		—	20	9	20
Net (loss) income attributable to common shareholders		$ 61	$ (45,251)	$ (22,909)	$ (79,569)
Denominator for earnings (loss) per share:					
Weighted average common shares outstanding		51,753	45,687	50,923	44,303
Denominator for basic loss per share		51,753	45,687	50,923	44,303
Weighted average unvested restricted stock units		350	2,016	186	1,694
Weighted average number of common shares from assumed conversion of OP Units		16	—	8	—
Weighted average number of common shares from assumed conversion of Series B Preferred Shares		8,321	184	7,267	14
Denominator for diluted earnings per share	(1)	60,440	45,687	50,923	44,303
Earnings (loss) per weighted average common share:					
Basic		$ —	$ (0.99)	$ (0.45)	$ (1.80)
Diluted		$ —	$ (0.99)	$ (0.45)	$ (1.80)

(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 June 30, 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 six months ended June 30, 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 U.S. generally accepted accounting principles (“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 June 30, 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, 2027, 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 and six months ended June 30, 2026, the Company incurred Fees of $2.9 million and $6.0 million, respectively. For the three and six months ended June 30, 2025, the Company incurred Fees of $3.4 million and $6.8 million, respectively.

Loans from Affiliates

As of June 30, 2026, a subsidiary of the Company has assumed several convertible notes issued by NHT to certain affiliates of the former NHT Adviser totaling $52.6 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. On May 21, 2026, the Company elected to extend the maturity by six months to November 21, 2026. As of June 30, 2026, the NexBank Revolver had an outstanding balance of $8.8 million.

Guaranties of NexPoint Storage Partners, Inc. Debt

On October 4, 2024, the Company entered into a Guaranty Agreement (Recourse Obligations) (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 certain indirect interests 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. The Citi Guaranty is a non-recourse carve-out guaranty with springing full recourse provisions. The Company's obligations under the Citi Guaranty are generally limited to losses, damages, costs and expenses arising from certain "bad acts," including but not limited to fraud, willful misconduct, intentional misrepresentation, and certain other misconduct or defaults (including certain waste), by Citi Borrower. The Citi Guaranty becomes a full recourse guaranty, covering full payment of the outstanding debt under the Citi Loan Agreement, upon the occurrence of certain fundamental events, including but not limited to voluntary bankruptcy or certain other insolvency events with respect to Citi Borrower and 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”). 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 June 30, 2026. As of June 30, 2026, the outstanding NSP Series D Preferred Stock accrued dividends were $16.0 million, and the Company and NREF OP IV REIT Sub, LLC are jointly and severally liable for 85.90% of the guaranteed amount.

NexBank Guaranty

The Company is a guarantor and an indemnitor on the NexBank Revolver. As of June 30, 2026, the NexBank Revolver had an outstanding balance of $8.8 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 $66.3 million outstanding as of June 30, 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 previously owned 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. On June 8, 2026, the outstanding LLC interests were redeemed.

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 reallow all or any portion of the Selling Commissions and may reallow 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 June 30, 2026, the Company has sold 1,881,675 shares of the Series B Preferred Shares for total gross proceeds of $46.1 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 and six months ended June 30, 2026, the Company through its subsidiaries had paid approximately $0.2 million and $0.3 million, respectively, in property management fees to NexVest. For the three and six months ended June 30, 2025, the Company through its subsidiaries had paid approximately $0.2 million and $0.4 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 and six months ended June 30, 2026, the SPE holding Cityplace reimbursed $0.4 million and $0.8 million, respectively, to NexVest for these expenses. For the three and six months ended June 30, 2025, the SPE holding Cityplace reimbursed $0.4 million and $0.8 million, respectively, 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 was 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. On June 26, 2026, Freedom LHV repaid this loan in full using proceeds from the Vista Loan and the Company's guarantee obligations with respect to the OSL loan were terminated.

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 June 30, 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. On June 11, 2026, the Company purchased 2,580.51 shares of common stock of NSP for an aggregate amount of $1.5 million. As of June 30, 2026, the Company owns approximately 91,945.70 shares of NSP common stock, or 54.51%, 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 a structured note in Specialty Financial Products, Ltd., and all its rights, title and interests, to NHI and its wholly owned subsidiaries, which are related parties. 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 74,028 and 72,718 shares, respectively, as of June 30, 2026 and 2025.

Related Party Investments

The Company, from time to time, may invest in entities managed by affiliates of the Adviser. For the six months ended and as of June 30, 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	$ 45,760	$ 4,192	$ —	$ —	$ 2,952	$ 7,144
NexPoint Storage Partners, Inc.	Common Stock	55,441	2,269	—	—	—	2,269
NexPoint Residential Trust, Inc.	Common Stock	2,841	(222)	—	—	108	(114)
NexPoint SFR Operating Partnership, L.P.	Convertible Notes	12,019	25	—	—	462	487
NexPoint Storage Partners Operating Company, LLC	LLC Units	35,946	1,476	—	—	—	1,476
Claymore Holdings, LLC	LLC Units	—	—	—	—	—	—
VineBrook Homes Operating Partnership, L.P.	Partnership Units	111,015	(7,584)	—	—	2,984	(4,600)
NexPoint Real Estate Finance Operating Partnership, L.P.	Partnership Units	62,262	5,701	—	—	4,017	9,718
NexPoint SFR Operating Partnership, L.P.	Partnership Units	21,632	(8,338)	—	—	1,398	(6,940)
NexAnnuity Holdings, Inc.	Preferred Shares	74,028	—	—	—	2,890	2,890
NexPoint Storage Partners Operating Company, LLC	Promissory Note	1,841	(20)	—	—	50	30
NexPoint Storage Partners Operating Company, LLC	Promissory Note	987	25	—	—	35	60
Semiconductor DST	LLC Units	23,959	—	—	—	749	749
Life Science II DST	LLC Units	9,600	—	—	—	241	241
Capital Acquisitions Partners, LLC	LLC Units	—	—	(419)	—	—	(419)
Total		$ 457,331	$ (2,476)	$ (419)	$ —	$ 15,886	$ 12,991

For the six months ended and as of June 30, 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	$ 28,958	$ (3,990)	$ —	$ —	$ 2,100	$ (1,890)
NexPoint Storage Partners, Inc.	Common Stock	50,844	(11,866)	—	—	—	(11,866)
NexPoint Residential Trust, Inc.	Common Stock	3,288	(829)	—	—	100	(729)
NexPoint SFR Operating Partnership, L.P.	Convertible Notes	14,081	236	—	—	668	904
NexPoint Storage Partners Operating Company, LLC	LLC Units	35,094	(7,915)	—	—	—	(7,915)
Claymore Holdings, LLC	LLC Units	—	—	—	—	—	—
Allenby, LLC	LLC Units	—	456	—	3,493	—	3,949
Haygood, LLC.	LLC Units	—	31	—	(31)	—	—
VineBrook Homes Operating Partnership, L.P.	Partnership Units	134,076	(17,631)	—	—	2,986	(14,645)
NexPoint Real Estate Finance Operating Partnership, L.P.	Partnership Units	67,145	(9,251)	—	—	4,869	(4,382)
NexPoint SFR Operating Partnership, L.P.	Partnership Units	33,322	(5,941)	—	—	1,310	(4,631)
NexAnnuity Holdings, Inc.	Preferred Shares	72,719	—	—	—	2,824	2,824
NexPoint Storage Partners Operating Company, LLC	Promissory Note	2,754	(11)	—	—	74	63
NexPoint SFR Operating Partnership, L.P.	Promissory Note	—	—	—	—	7	7
NFRO SFR REIT, LLC	Promissory Note	—	—	—	—	88	88
NFRO SFR REIT, LLC	Promissory Note	—	—	—	—	82	82
NREF OP IV, L.P.	Promissory Note	—	—	—	—	—	—
Semiconductor DST	LLC Units	23,959	—	—	—	690	690
Life Science II DST	LLC Units	9,600	—	—	—	235	235
Capital Acquisitions Partners, LLC	LLC Units	614	—	206	—	—	206
Total		$ 476,454	$ (56,711)	$ 206	$ 3,462	$ 16,033	$ (37,010)

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 June 30, 2026. As of June 30, 2026, the outstanding NSP Series D Preferred Stock accrued dividends were $16.0 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 June 30, 2026. The Company’s obligations include a customary environmental indemnity and a so-called "bad boy" guarantee, pursuant to which the Company’s liability is generally limited to losses, damages, costs and expenses arising from certain “bad acts,” including but not limited to fraud, willful misconduct, intentional misrepresentation, and certain other misconduct or defaults by the borrowers. The guaranty is full recourse to the Company, covering full payment of the outstanding debt under the loan agreement, only upon the occurrence of certain fundamental events, including but not limited to voluntary bankruptcy or certain other insolvency events with respect to the borrowers.

The Company is a limited guarantor and an indemnitor on a loan of one of the Company’s subsidiaries with an aggregate principal amount of $14.1 million outstanding, as of June 30, 2026. The Company’s obligations include a customary environmental indemnity, and a so-called "bad boy" guarantee, pursuant to which the Company’s liability is generally limited to losses, damages, costs and expenses arising from certain “bad acts,” including but not limited to fraud, willful misconduct, intentional misrepresentation, and certain other misconduct or defaults by the borrowers. The guaranty is full recourse to the Company, covering full payment of the outstanding debt under the loan agreement, only upon the occurrence of certain fundamental events, including but not limited to voluntary bankruptcy or certain other insolvency events with respect to the borrowers.

The Company is a limited guarantor and an indemnitor on a loan of one of the Company’s subsidiaries with an aggregate principal amount of $136.4 million outstanding as of June 30, 2026. The Company’s obligations are set forth in three separate guaranties: (i) a nonrecourse carveout guaranty, pursuant to which the Company is generally liable for losses, damages, costs and expenses incurred by the lender arising from specified “bad acts” of the borrowers, with full recourse to the Company for the entire indebtedness upon the occurrence of certain specified events, (ii) a completion guaranty, and (iii) a guaranty of required equity, required pay down and master lease, pursuant to which the Company guarantees the borrowers’ obligations to make certain required specified payments. As of June 30, 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 on a loan made by Federal Home Loan Mortgage Corporation to NexPoint WLIF I Borrower, LLC, with an aggregate principal amount of $66.3 million outstanding as of June 30, 2026. The Company’s obligations include a guaranty of collection and a limited recourse guaranty under which the Company's obligations are generally only triggered upon the occurrence of certain springing recourse events. See Note 12 to our consolidated financial statements for additional information.

The OP, together with Calida Holdings III, LP, is a guarantor and an indemnitor on two loans taken by the SPEs that own the Tivoli North Property: (i) a senior construction loan from Bank OZK with an original principal amount of $67.0 million, and (ii) a mezzanine loan from CanAm Mountain States Regional Center, LP III with an original principal amount of $40.0 million. As of June 30, 2026, the senior loan had an outstanding balance of $5.2 million and the mezzanine loan had an outstanding balance of $5.4 million. With respect to each loan, the guarantors have executed three separate guaranty agreements: (i) a nonrecourse carveout guaranty, pursuant to which the Company is generally liable for losses, damages, costs and expenses incurred by the lender arising from specified “bad acts” of the borrowers, with full recourse to the Company for the entire indebtedness upon the occurrence of certain specified events, (ii) a completion guaranty, and (iii) a debt service and carry guaranty. The guarantors' liability under each guaranty is immediate and not contingent on prior actions taken by the lender against other parties. As an indemnitor, the obligations of the OP and Calida Holdings III, LP also include customary environmental indemnifications with respect to each loan. The Company has not recorded a liability for the carveout guaranty obligations, as no event giving rise to liability thereunder has occurred. The Company has not recorded a liability under the debt service and carry guaranties, as the borrowers are current on all debt service payments and believes it is in compliance with all debt compliance provisions as of June 30, 2026.

The Company is a guarantor and an indemnitor on the NexBank Revolver. 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 June 30, 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, pursuant to which the Company's liability is generally limited to losses, damages, costs and expenses arising from certain "bad acts," including but not limited to fraud, willful misconduct, intentional misrepresentation, and certain other misconduct or defaults by the borrowers. The guaranty is full recourse to the Company, covering full payment of the outstanding debt under the loan agreement, only upon the occurrence of certain fundamental events, including but not limited to voluntary bankruptcy or certain other insolvency events with respect to the borrowers.

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 June 30, 2026.

The table below shows the Company's unfunded commitments by investment type as of June 30, 2026 and December 31, 2025 (in thousands):

	June 30, 2026	December 31, 2025
Investment Type	**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 June 30, 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 six months ended June 30, 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 six months ended June 30, 2025:

Tenant	For the Six Months Ended June 30, 2025 Rental Income	
Neiman Marcus Group, LLC	$	1,201

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 June 30, 2026, the carrying amount of the right-of-use asset is $0.4 million, and the lease liability is $(0.5) million.

The future minimum lease payments under the operating lease as of June 30, 2026 are as follows:

Years Ending December 31,	Minimum Lease Payment	
2026	$	104
2027		212
2028		217
Total undiscounted lease payments		533
Less: Present value discount		(79)
Total lease liability	$	454

For the six months ended June 30, 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 Six Months Ended June 30, 2026			For the Six Months Ended June 30, 2025		
	Diversified	Hospitality	Total	Diversified	Hospitality	Total
Total Revenues	$ 28,080	$ 14,132	$ 42,212	$ 31,191	$ 18,917	50,108
Less:						
Property operating expense	3,009	7,250	10,259	3,090	9,394	12,484
Property management fees	424	370	794	363	543	906
Real estate taxes and insurance	2,166	896	3,062	2,375	1,039	3,414
Advisory and administrative fees	6,028	—	6,028	6,764	3,898	10,662
Property general and administrative expenses	1,291	1,846	3,137	1,147	2,460	3,607
Corporate general and administrative expenses	5,575	575	6,150	5,577	(1,630)	3,947
Depreciation and amortization	5,363	1,850	7,213	5,721	2,216	7,937
Impairment loss	—	—	—	—	1,752	1,752
Interest expense	6,406	4,594	11,000	7,513	6,400	13,913
Equity in losses of unconsolidated equity method ventures	873	—	873	167	—	167
Change in unrealized losses from non-real estate investments	8,793	—	8,793	74,959	—	74,959
Loss (gain) on extinguishment of debt and modification costs	210	—	210	—	—	—
Realized losses from non-real estate investments	(145)	—	(145)	(4,981)	—	(4,981)
Loss (gain) on sales of real estate	—	2,784	2,784	—	(37)	(37)
Income tax expense	1,094	189	1,283	484	88	572
Net loss	$ (13,007)	$ (6,222)	$ (19,229)	$ (71,988)	$ (7,206)	$ (79,194)

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

	As of June 30, 2026			As of December 31, 2025		
	Diversified	Hospitality	Total	Diversified	Hospitality	Total
Total assets	$ 923,262	$ 115,907	$ 1,039,169	$ 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 six months ended June 30, 2026 and 2025 (in thousands):

	Six Months Ended June 30,	
	2026	2025
Redeemable noncontrolling interest in the OP, January 1,	$ 309	$ —
Redeemable noncontrolling interests from NHT Merger	—	359
Net loss attributable to redeemable noncontrolling interests in the OP	(9)	(20)
Distributions to redeemable noncontrolling interests in the OP	(6)	(3)
Redeemable noncontrolling interest in the OP, June 30,	$ 294	$ 336

Redeemable Series B Preferred Shares

The following table sets forth the redeemable Series B Preferred Shares for the six months ended June 30, 2026 and 2025 (in thousands):

	Six Months Ended June 30,	
	2026	2025
Redeemable Series B Preferred Shares, January 1,	$ 20,379	$ —
Subscriptions	21,517	3,171
Accretion to redemption value	—	—
Redemptions	(71)	—
Redeemable Series B Preferred Shares, June 30,	$ 41,825	$ 3,171

17. Subsequent Events

Distributions Declared

On July 27, 2026, the Board approved a quarterly cash distribution of $0.03 per common share, payable on September 30, 2026 to shareholders of record on September 15, 2026. The distribution reflects a change from the cash-and-share distribution structure introduced by the Company in 2023. The amount of the cash distribution remains unchanged from the cash component of the distribution on the Company's common shares paid on March 31, 2026, while the share component has been discontinued. Also on July 27, 2026, the Board approved a quarterly distribution of $0.34375 per Series A Preferred Share, payable on September 30, 2026 to shareholders of record on September 23, 2026.

Cityplace Debt Extension

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

Dominion Debt Extension

Effective August 8, 2026, the lender agreed to defer the maturity of the Dominion Note to August 8, 2027.

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 June 30, 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 June 30, 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, 2027 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. HMIT subsequently filed a motion to lift the stay of the Bankruptcy Trust Lawsuit, which was granted and became effective on July 15, 2026. 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 July 14, 2026 to September 15, 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.

The United States government announced a comprehensive set of tariffs in the second quarter of 2025. Following the pause of certain of these tariffs, the majority of the previously announced tariffs were implemented, but such tariffs were determined unconstitutional by the Supreme Court of the United States in a February 2026 ruling. Following such ruling, the current administration immediately imposed a temporary 10% global tariff under a separate statutory provision. On July 24, 2026, the same day the temporary 10% global tariff expired, the United States government imposed new tariffs of 10% or 12.5% on imports from 60 trading partners, subject to certain exceptions. The United States government has indicated that it could impose additional tariffs on particular countries and impose global tariffs on certain goods. Such tariffs could impact our results of operations by increasing the costs of various goods, including construction materials. Management is actively engaged with vendors and business partners to reduce financial risks of tariffs; however, the impact of such tariffs is subject to uncertainties regarding the timing of their implementation, the magnitude of such tariffs and possible exemptions for certain goods, among other uncertainties.

In addition, the 21st Century ROAD to Housing Act (the “ROAD Act”) was enacted into federal law on July 11, 2026 and will take effect on January 7, 2027. The ROAD Act generally imposes a federal restriction on the ability of large institutional investors to purchase single-family homes, subject to certain exemptions. The ROAD Act and the prospect of other such laws or regulations may adversely impact the value of certain of our investments.

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.

Loss on extinguishment of debt and modification costs. Loss on extinguishment of debt and modification costs includes prepayment penalties and defeasance costs, the write-off of unamortized deferred financing costs and fair market value adjustments of assumed debt related to the early repayment of debt, costs incurred in a debt modification that are not capitalized as deferred financing costs and other costs incurred in a debt extinguishment.

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) Benefit. Income tax (expense) benefit 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 June 30, 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 June 30, 2026	% Occupied (2) as of June 30, 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%
	1,478,644				

Hospitality Segment:

Brand	Location	Name	Chain Scale	Service Scale	Year Built/Last Renovation	Rooms
Hilton Garden Inn	Dallas, Texas	Dallas Hilton Garden Inn	Upscale	Select-Service	1995/2016	240
Hyatt	Park City, Utah	Hyatt Place Park City	Upscale	Full-Service	2024	122
Marriott	St. Petersburg, Florida	St. Petersburg Marriott	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 June 30, 2026, minus any tenant concessions over the term of the lease, divided by the occupied square footage of commenced leases as of June 30, 2026.

(2) Percent occupied is calculated as the rentable square footage occupied as of June 30, 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 June 30, 2026.

Consolidated Results of Operations for the Three and Six Months Ended June 30, 2026 and 2025

The three months ended June 30, 2026 as compared to three months ended June 30, 2025

The following table sets forth a summary of our operating results for the three months ended June 30, 2026 and 2025 (in thousands):

	For the Three Months Ended June 30,		
	2026	2025	$ Change
Total revenues	$ 19,337	$ 21,034	$ (1,697)
Total expenses	(17,221)	(21,167)	3,946
Operating income	2,116	(133)	2,249
Interest expense	(5,311)	(6,637)	1,326
Equity in (losses) income of unconsolidated ventures	(866)	190	(1,056)
Change in unrealized gains (losses)	6,538	(41,637)	48,175
Realized gains	148	3,462	(3,314)
Loss on extinguishment of debt and modification costs	(210)	—	(210)
Gain on sales of real estate	—	26	(26)
Income tax (expense) benefit	(374)	641	(1,015)
Net income (loss)	2,041	(44,088)	46,129
Net loss attributable to Series A preferred shareholders	(1,155)	(1,155)	—
Net loss attributable to Series B preferred shareholders	(825)	(28)	(797)
Net income attributable to redeemable noncontrolling interests in the OP	-	20	(20)
Net income (loss) attributable to common shareholders	$ 61	$ (45,251)	$ 45,312

The net income for the three months ended June 30, 2026 as compared to the net loss for the three months ended June 30, 2025 primarily relates to mark-to-market gains on our investments accounted for at fair value partially and an increase in operating income.

Revenues

Rental income. Rental income was $2.9 million for the three months ended June 30, 2026, compared to $3.7 million for the three months ended June 30, 2025, which was a decrease of approximately $0.8 million. The decrease between the periods was primarily due to a decrease in occupancy at Cityplace.

Room revenue. Room revenue was $4.4 million for the three months ended June 30, 2026, compared to $6.3 million for the three months ended June 30, 2025, which was a decrease of approximately $1.9 million. The decrease between the periods was primarily due to the disposition of Hospitality properties in 2025.

Food and beverage revenue. F&B revenue was $0.6 million for the three months ended June 30, 2026, compared to $0.8 million for the three months ended June 30, 2025, which was a decrease of approximately $0.2 million. The decrease between the periods was primarily due to the disposition of Hospitality properties in 2025.

Interest and dividends. Interest and dividends totaled $10.7 million for the three months ended June 30, 2026, compared to $10.0 million for the three months ended June 30, 2025, which was an increase of approximately $0.7 million. The increase between the periods was attributed to an increase in dividends from preferred stock investments and an increase in interest income from debt investments.

Other income. Other income was approximately $0.8 million for the three months ended June 30, 2026, compared to $0.3 million for the three months ended June 30, 2025, which was an increase of approximately $0.5 million. The increase between the periods is due to a co-development fee of approximately $0.5 million.

Expenses

Property operating expenses. Property operating expenses were $4.6 million for the three months ended June 30, 2026, compared to $5.5 million for the three months ended June 30, 2025, which was a decrease of approximately $0.9 million. The decrease between the periods was primarily due to the disposition of Hospitality properties in 2025.

Property management fees. Property management fees were $0.3 million for the three months ended June 30, 2026, compared to $0.4 million for the three months ended June 30, 2025, which was a decrease of approximately $0.1 million. The decrease between the periods was primarily due to the disposition of Hospitality properties in 2025.

Real estate taxes and insurance. Real estate taxes and insurance costs were $1.7 million for the three months ended June 30, 2026, compared to $1.6 million for the three months ended June 30, 2025, which was an increase of approximately $0.1 million. Real estate taxes and insurance expenses consist primarily of expenses from our investment in Cityplace and our Hospitality properties. The increase between the periods is due to a favorable real estate tax appeal recognized at Cityplace in 2025.

Advisory and administrative fees. For the three months ended June 30, 2026, the Company incurred administrative fees and advisory fees of $2.9 million, compared to $7.0 million for the three months ended June 30, 2025, which was a decrease of approximately $4.1 million. The decrease between the periods was due to a termination fee paid to the former NHT Adviser in connection with the termination of the NHT Advisory Agreement following the NHT Merger in 2025.

Property general and administrative expenses. Property general and administrative expenses were $1.5 million for the three months ended June 30, 2026, compared to $1.6 million for the three months ended June 30, 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.

Corporate general and administrative expenses. Corporate general and administrative expenses were $2.7 million for the three months ended June 30, 2026, compared to $1.0 million for the three months ended June 30, 2025, which was an increase of approximately $1.7 million. The increase between periods was primarily due to a write off of accrued payables and expenses in 2025.

Depreciation and amortization. Depreciation and amortization costs were $3.5 million for the three months ended June 30, 2026, compared to $4.0 million for the three months ended June 30, 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.

Loss on extinguishment of debt and modification costs. Loss on extinguishment of debt and modification costs was $0.2 million for the three months ended June 30, 2026, compared to $0.0 million for the three months ended June 30, 2025. The increase between the periods was due to the extinguishment of the previous note due to OSL on White Rock Center in 2026.

Other Income and Expense

Interest expense. Interest expense was $5.3 million for the three months ended June 30, 2026, compared to $6.6 million for the three months ended June 30, 2025, which was a decrease of approximately $1.3 million. The decrease between periods was 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) income of unconsolidated ventures. Equity in (losses) income of unconsolidated ventures was $(0.9) million for the three months ended June 30, 2026, compared to $0.2 million for the three months ended June 30, 2025, which was a decrease of approximately $1.1 million. The decrease between periods was primarily due to an increase in net loss on equity interests in Perilune Aero Equity Holdings One, LLC for the three months ended June 30, 2026.

Income tax (expense) benefit. The Company has recorded income tax (expense) benefit of $(0.4) million associated with the TRSs for the three months ended June 30, 2026 and $0.6 million associated with the TRSs for the three months ended June 30, 2025, which was a decrease of approximately $1.0 million. The decrease between periods was primarily due to an increase in taxable income, as well as an increase in the deferred tax asset in the prior period that was not recognized in the current year.

Change in unrealized gains (losses). Unrealized gains from our investments accounted for at fair value was $6.5 million for the three months ended June 30, 2026, compared to $(41.6) million for the three months ended June 30, 2025, which was an increase of approximately $48.1 million. The gains for the three months ended June 30, 2026 were largely driven by mark-to-market gains on NREF OP common units of $8.2 million and NREF common stock of $6.0 million, offset by mark-to-market losses on MidWave Wireless, Inc. common stock of $2.8 million, VineBrook Homes Operating Partnership, L.P. common units of $2.6 million and NexPoint SFR Operating Partnership, L.P. partnership units of $3.3 million. The losses for the three months ended June 30, 2025 were largely driven by mark-to-market losses on NSP common equity of $16.0 million, NREF OP common units of $7.3 million, IQHQ LP interests of $5.2 million and NREF common stock of $3.2 million.

Realized gains. Realized gains were $0.1 million for the three months ended June 30, 2026, compared to $3.5 million for the three months ended June 30, 2025, which was a decrease of approximately $3.4 million. The decrease was primarily due to the absence of significant gains recognized on the disposition of United Development Funding IV common equity that occurred during 2025.

The six months ended June 30, 2026 as compared to six months ended June 30, 2025

The following table sets forth a summary of our operating results for the six months ended June 30, 2026 and 2025 (in thousands):

	For the Six Months Ended June 30,		
	2026	2025	$ Change
Total revenues	$ 42,212	$ 50,108	$ (7,896)
Total expenses	(36,643)	(44,709)	8,066
Operating income	5,569	5,399	170
Interest expense	(11,000)	(13,913)	2,913
Equity in losses of unconsolidated ventures	(873)	(167)	(706)
Change in unrealized losses	(8,793)	(74,959)	66,166
Realized gains	145	4,981	(4,836)
Loss on extinguishment of debt and modification costs	(210)	—	(210)
(Loss) gain on sales of real estate	(2,784)	37	(2,821)
Income tax expense	(1,283)	(572)	(711)
Net loss	(19,229)	(79,194)	59,965
Net loss attributable to Series A preferred shareholders	(2,310)	(2,310)	—
Net loss attributable to Series B preferred shareholders	(1,379)	(30)	(1,349)
Net income attributable to noncontrolling interests in NHT	—	1,945	(1,945)
Net income attributable to redeemable noncontrolling interests in the OP	9	20	(11)
Net loss attributable to common shareholders	$ (22,909)	$ (79,569)	$ 56,660

The change in our net loss for the six months ended June 30, 2026 compared to the six months ended June 30, 2025 was primarily related to a decrease in unrealized losses on investments at fair value, partially offset by lower realized gains, lower dividend income and a loss on sale of real estate recognized in 2026.

Revenues

Rental income. Rental income was $5.8 million for the six months ended June 30, 2026, compared to $7.4 million for the six months ended June 30, 2025, which was a decrease of approximately $1.6 million. The decrease between the periods was primarily due to a decrease in occupancy at Cityplace.

Room revenue. Room revenue was $12.2 million for the six months ended June 30, 2026, compared to $16.6 million for the six months ended June 30, 2025, which was a decrease of approximately $4.4 million. The decrease between the periods was primarily due to the disposition of Hospitality properties in 2025.

Food and beverage revenue. F&B revenue was $1.4 million for the six months ended June 30, 2026, compared to $1.6 million for the six months ended June 30, 2025, which was a decrease of approximately $0.2 million. The decrease between the periods was primarily due to the disposition of Hospitality properties in 2025.

Interest and dividends. Interest and dividends totaled $21.7 million for the six months ended June 30, 2026, compared to $23.9 million for the six months ended June 30, 2025, which was a decrease of approximately $2.2 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 $1.1 million for the six months ended June 30, 2026, compared to $0.6 million for the six months ended June 30, 2025, which was an increase of approximately $0.5 million. The increase between the periods was primarily due to a co-development fee of approximately $0.5 million.

Expenses

Property operating expenses. Property operating expenses were $10.3 million for the six months ended June 30, 2026, compared to $12.5 million for the six months ended June 30, 2025, which was a decrease of approximately $2.2 million. The decrease between the periods was primarily due to the disposition of Hospitality properties in 2025.

Property management fees. Property management fees were $0.8 million for the six months ended June 30, 2026, compared to $0.9 million for the six months ended June 30, 2025, which was a decrease of approximately $0.1 million. The decrease between the periods was primarily due to the disposition of Hospitality properties in 2025.

Real estate taxes and insurance. Real estate taxes and insurance costs were $3.1 million for the six months ended June 30, 2026, compared to $3.4 million for the six months ended June 30, 2025, which was a decrease of approximately $0.3 million. Real estate taxes and insurance expenses consist primarily of expenses from our investment in Cityplace and our Hospitality properties. The decrease between the periods was primarily due to the disposition of Hospitality properties in 2025.

Advisory and administrative fees. For the six months ended June 30, 2026, the Company incurred administrative fees and advisory fees of $6.0 million, compared to $10.7 million for the six months ended June 30, 2025, which was a decrease of approximately $4.7 million. The decrease between the periods was due to the disposition of Hospitality properties in 2025, a decrease in investments at fair value and a termination fee paid to the former NHT Adviser in connection with the termination of the NHT Advisory Agreement following the NHT Merger in 2025.

Property general and administrative expenses. Property general and administrative expenses were $3.1 million for the six months ended June 30, 2026, compared to $3.6 million for the six months ended June 30, 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.

Corporate general and administrative expenses. Corporate general and administrative expenses were $6.2 million for the six months ended June 30, 2026, compared to $3.9 million for the six months ended June 30, 2025, which was an increase of approximately $2.3 million. The increase between periods was primarily due to an increase in professional fees and a write off of accrued payables and expenses in 2025.

Depreciation and amortization. Depreciation and amortization costs were $7.2 million for the six months ended June 30, 2026, compared to $7.9 million for the six months ended June 30, 2025, which was a decrease of approximately $0.7 million. The decrease between the periods is due to the disposition of Hospitality properties in 2025.

Impairment loss. There was no impairment loss for the six months ended June 30, 2026, compared to $1.8 million for the six months ended June 30, 2025, which was a decrease of approximately $1.8 million. The decrease between the periods was primarily attributable to impairment losses recognized on properties classified as held for sale in 2025.

Loss on extinguishment of debt and modification costs. Loss on extinguishment of debt and modification costs was $0.2 million for the six months ended June 30, 2026, compared to $0.0 million for the six months ended June 30, 2025, which was an increase of $0.2 million. The increase between the periods was due to the extinguishment on of the previous note due to OSL on White Rock Center Note in 2026.

Other Income and Expense

Interest expense. Interest expense was $11.0 million for the six months ended June 30, 2026, compared to $13.9 million for the six months ended June 30, 2025, which was a decrease of approximately $2.9 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) income of unconsolidated ventures. Equity in losses of unconsolidated ventures was $0.9 million for the six months ended June 30, 2026, compared to $0.2 million for the six months ended June 30, 2025, which was an increase of approximately $(0.7) million. The increase between periods was primarily due to an increase in net loss on equity interests in Perilune Aero Equity Holdings One, LLC for the six months ended June 30, 2026.

Income tax benefit (expense). The Company has recorded income tax expense of $1.3 million associated with the TRSs for the six months ended June 30, 2026 and $0.6 million associated with the TRSs for the six months ended June 30, 2025, which was an increase of approximately $0.7 million. The increase between periods was primarily due to an increase in taxable income, and a decrease in the deferred tax asset recognized in the current year.

Change in unrealized losses. Unrealized losses from our investments accounted for at fair value was $8.8 million for the six months ended June 30, 2026, compared to $75.0 million for the six months ended June 30, 2025, which was a decrease of approximately $66.2 million. The losses for the six months ended June 30, 2026 were largely driven by mark-to-market losses on VineBrook Homes Operating Partnership, L.P. common units of $7.6 million, NexPoint SFR Operating Partnership, L.P. partnership units of $8.3 million and MidWave Wireless, Inc. common stock of $4.2 million, offset by mark-to-market gains on NREF OP common units of $5.7 million and NREF common stock of $4.2 million. The losses for the six months ended June 30, 2025 were largely driven by mark-to-market losses on NSP common stock of $19.8 million, NREF OP Units of $9.3 million, IQHQ LP interests of $5.8 million and NREF common stock of $4.0 million.

Realized gains. Realized gains were $0.1 million for the six months ended June 30, 2026, compared to $5.0 million for the six months ended June 30, 2025, which was a decrease of approximately $4.9 million. The decrease was primarily due to the absence of significant gains recognized on the disposition of United Development Funding IV common equity that occurred during 2025.

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: (a) depreciation and amortization expenses and (b) gains or losses from the sale of operating real estate assets that are included in net income (loss) computed in accordance with GAAP, (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, (9) impairment loss, and (10) loss on extinguishment of debt and modification costs.

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 and six months ended June 30, 2026 and 2025 (our "Same Store" properties). Our Same Store properties exclude Cityplace, the Dallas Hilton Garden Inn & Suites and St. Petersburg Marriott, because such properties were 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 Hyatt Place Park City, as the property has planned construction, renovation or similar activity expected to commence in the near future that will result in the property not being stabilized.

Consolidated NOI and Same Store NOI for the Three and Six Months Ended June 30, 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 and six months ended June 30, 2026 and 2025 to net income (loss), the most directly comparable GAAP financial measure (in thousands):

		For the Three Months Ended June 30		For the Six Months Ended June 30,	
		2026	2025	2026	2025
Net income (loss)		$ 2,041	$ (44,088)	$ (19,229)	$ (79,194)
Adjustments to reconcile net income (loss) to NOI:					
Advisory and administrative fees		2,943	7,020	6,028	10,662
Corporate general and administrative expenses		2,714	1,020	6,150	3,947
Income tax (benefit) expense		374	(641)	1,283	572
Depreciation and amortization		3,498	4,028	7,213	7,937
Interest expense		5,311	6,637	11,000	13,913
Non-operating property investment revenue	(1)	(11,178)	(9,977)	(22,410)	(23,939)
Realized gains from non-real estate investments		(148)	(3,462)	(145)	(4,981)
Change in unrealized losses (gains) from non-real estate investments		(6,538)	41,637	8,793	74,959
Equity in losses (income) of unconsolidated equity method ventures		866	(190)	873	167
Impairment loss		—	—	—	1,752
Loss on extinguishment of debt and modification costs		210	—	210	—
(Gain) loss on sales of real estate		—	(26)	2,784	(37)
NOI		$ 93	$ 1,958	$ 2,550	$ 5,758
Less Non-Same Store					
Revenues		$ (7,657)	$ (10,582)	$ (18,839)	$ (25,361)
Operating expenses		7,868	8,941	16,869	20,098
Same Store NOI		$ 304	$ 317	$ 580	$ 495

(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 and six months ended June 30, 2026 to net income (loss), the most directly comparable GAAP financial measure by reportable segment (in thousands):

	For the Three Months Ended June 30, 2026			For the Six Months Ended June 30, 2026		
	Diversified	Hospitality	Total	Diversified	Hospitality	Total
Net income (loss)	$ 4,369	(2,328)	$ 2,041	$ (13,007)	$ (6,222)	$ (19,229)
Adjustments to reconcile net income (loss) to NOI:						
Advisory and administrative fees	2,943	—	2,943	6,028	—	6,028
Corporate general and administrative expenses	2,649	65	2,714	5,575	575	6,150
Income tax expense (benefit)	383	(9)	374	1,094	189	1,283
Depreciation and amortization	2,680	818	3,498	5,363	1,850	7,213
Interest expense	3,190	2,121	5,311	6,406	4,594	11,000
Non-operating property investment revenue (1)	(11,108)	(70)	(11,178)	(22,229)	(181)	(22,410)
Realized gains from non-real estate investments	(148)	—	(148)	(145)	—	(145)
Change in unrealized (gains) losses from non-real estate investments	(6,538)	—	(6,538)	8,793	—	8,793
Equity in losses of unconsolidated equity method ventures	866	—	866	873	—	873
Loss on extinguishment of debt and modification costs	210	—	210	210	—	210
Loss on sales of real estate	—	—	—	—	2,784	2,784
NOI	$ (504)	$ 597	$ 93	$ (1,039)	$ 3,589	$ 2,550
Less Non-Same Store						
Revenues	$ (2,448)	(5,209)	(7,657)	$ (4,888)	$ (13,951)	(18,839)
Operating expenses	3,256	4,612	7,868	6,507	10,362	16,869
Same Store NOI	$ 304	$ —	$ 304	$ 580	$ —	$ 580

(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 June 30, 2026 and 2025

	For the Three Months Ended June 30			
	2026	2025	$ Change	% Change
Revenues				
Same Store				
Rental income	$ 502	$ 449	$ 53	11.8%
Same Store revenues	502	449	53	11.8%
Non-Same Store				
Rental income	2,435	3,264	(829)	-25.4%
Rooms	4,379	6,281	(1,902)	-30.3%
Food and beverage	575	750	(175)	-23.3%
Other income	268	287	(19)	-6.6%
Non-Same Store revenues	7,657	10,582	(2,925)	-27.6%
Total revenues	8,159	11,031	(2,872)	-26.0%
Operating expenses				
Same Store				
Property operating expenses	97	58	39	N/M
Real estate taxes and insurance	76	74	2	2.7%
Property management fees	24	22	2	9.1%
Property general and administrative expenses	1	4	(3)	N/M
Same Store operating expenses	198	158	40	25.3%
Non-Same Store				
Property operating expenses	4,507	5,465	(958)	-17.5%
Real estate taxes and insurance	1,594	1,499	95	6.3%
Property management fees	300	365	(65)	-17.8%
Property general and administrative expenses	1,467	1,612	(145)	-9.0%
Non-Same Store operating expenses	7,868	8,941	(1,073)	-12.0%
Total operating expenses	8,066	9,099	(1,033)	-11.4%
Operating income				
Non-Same Store				
Gain on sales of real estate	—	26	(26)	N/M
Total operating income	—	26	(26)	N/M
NOI				
Same Store	304	317	(13)	-4.1%
Non-Same Store	(211)	1,667	(1,878)	N/M
Total NOI	$ 93	$ 1,984	$ (1,891)	N/M

See reconciliation of net income (loss) to NOI above under “NOI and Same Store NOI for the Three Months Ended June 30, 2026 and 2025.”

Consolidated Same Store Results of Operations for the Three Months Ended June 30, 2026 and 2025

As of June 30, 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 59.7% leased with a weighted average monthly effective occupied rent per square foot of $1.18 as of June 30, 2025. For our Same Store properties, we recorded the following operating results for the three months ended June 30, 2026 and 2025.

Revenues

Rental Income. Rental income was $502.0 thousand for the three months ended June 30, 2026, compared to $449.0 thousand for the three months ended June 30, 2025, which was an increase of approximately $53.0 thousand, or 11.8%. The increase between periods was primarily due to increased rental income from tenant sales-based lease provisions at White Rock Center.

Expenses

Property operating expenses. Property operating expenses were $97.0 thousand for the three months ended June 30, 2026, compared to $58.0 thousand for the three months ended June 30, 2025, which was an increase of approximately $39.0 thousand. The increase between the periods was primarily due to an increase 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 June 30, 2026, compared to $74.0 thousand for the three months ended June 30, 2025, which was an increase of approximately $2.0 thousand or 2.7%. The increase between the periods was related to a favorable real estate tax appeal that was recognized in 2025.

Property management fees. Property management fees were $24.0 thousand for the three months ended June 30, 2026, compared to $22.0 thousand for the three months ended June 30, 2025, which was an increase of approximately $2.0 thousand, or 9.1%. The increase between the periods was related to an increase in rental revenue, which is the basis of the management fee calculation.

Property general and administrative expenses. Property general and administrative expenses were $1.0 thousand for the three months ended June 30, 2026, compared to $4.0 thousand for the three months ended June 30, 2025, which was a decrease of approximately $3.0 thousand. The majority of the decrease between the periods is due to professional fees associated with a prospective tenant that were capitalized upon execution of the lease.

Consolidated NOI for Our Same Store and Non-Same Store Properties for the Six Months Ended June 30, 2026 and 2025

The following table reflects the revenues, property operating expenses and NOI for the six months ended June 30, 2026 and 2025 for our Same Store and Non-Same Store properties (dollars in thousands):

	For the Six Months Ended June 30,			
	2026	**2025**	**$ Change**	**% Change**
Revenues				
Same Store				
Rental income	$ 963	$ 808	$ 155	19.2%
Same Store revenues	963	808	155	19.2%
Non-Same Store				
Rental income	4,866	6,550	(1,684)	-25.7%
Rooms	12,157	16,631	(4,474)	-26.9%
Food and beverage	1,373	1,639	(266)	-16.2%
Other income	443	541	(98)	-18.1%
Non-Same Store revenues	18,839	25,361	(6,522)	-25.7%
Total revenues	19,802	26,169	(6,367)	-24.3%
Operating expenses				
Same Store				
Property operating expenses	153	122	31	25.4%
Real estate taxes and insurance	152	140	12	8.6%
Property management fees	47	41	6	14.6%
Property general and administrative expenses	31	10	21	N/M
Same Store operating expenses	383	313	70	22.4%
Non-Same Store				
Property operating expenses	10,106	12,362	(2,256)	-18.2%
Real estate taxes and insurance	2,911	3,274	(363)	-11.1%
Property management fees	747	865	(118)	-13.6%
Property general and administrative expenses	3,105	3,597	(492)	-13.7%
Non-Same Store operating expenses	16,869	20,098	(3,229)	-16.1%
Total operating expenses	17,252	20,411	(3,159)	-15.5%
NOI				
Same Store	580	495	85	17.2%
Non-Same Store	1,970	5,263	(3,293)	-62.6%
Total NOI	$ 2,550	$ 5,758	$ (3,208)	-55.7%

See reconciliation of net income (loss) to NOI above under “NOI and Same Store NOI for the Three Months Ended June 30, 2026 and 2025.”

Consolidated Same Store Results of Operations for the Six Months Ended June 30, 2026 and 2025

As of June 30, 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 59.7% leased with a weighted average monthly effective occupied rent per square foot of $1.18 as of June 30, 2025. For our Same Store properties, we recorded the following operating results for the six months ended June 30, 2026 and 2025.

Revenues

Rental Income. Rental income was $963.0 thousand for the six months ended June 30, 2026, compared to $808.0 thousand for the six months ended June 30, 2025, which was an increase of approximately $155.0 thousand or 19.2%. The increase between periods was primarily due to increased rental income from tenant sales-based lease provisions at White Rock Center.

Expenses

Property operating expenses. Property operating expenses were $153.0 thousand for the six months ended June 30, 2026, compared to $122.0 thousand for the six months ended June 30, 2025, which was an increase of approximately $31.0 thousand or 25.4%. The increase between periods was primarily due to an increase in repair and maintenance expenses.

Real estate taxes and insurance. Real estate taxes and insurance costs were $152.0 thousand for the six months ended June 30, 2026, compared to $140.0 thousand for the six months ended June 30, 2025, which was an increase of approximately $12.0 thousand or 8.6%. The increase between the periods was related to a favorable real estate tax appeal that was recognized in 2025.

Property management fees. Property management fees were $47.0 thousand for the six months ended June 30, 2026, compared to $41.0 thousand for the six months ended June 30, 2025, which was an increase of approximately $6.0 thousand, or 14.6%. The increase between the periods was primarily due to an increase in rental income, which is the basis of the management fee calculation.

Property general and administrative expenses. Property general and administrative expenses were $31.0 thousand for the six months ended June 30, 2026, compared to $10.0 thousand for the six months ended June 30, 2025, which was an increase of approximately $21.0 thousand. The majority of the increase between the periods was 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 gain (loss) on extinguishment of debt and modification costs, 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 and six months ended June 30, 2026 and 2025 (in thousands, except per share amounts):

		For the Three Months Ended June 30,		For the Six Months Ended June 30,		
		2026	2025	2026	2025	% Change (1)
Net (loss) income		$ 2,041	$ (44,088)	$ (19,229)	$ (79,194)	75.7%
Depreciation and amortization		3,498	4,028	7,213	7,937	9.1%
Realized gains		(148)	(3,472)	(145)	(4,981)	97.1%
Loss (gain) on sales of real estate		—	(26)	2,784	(37)	7624.3%
Impairment loss		—	—	—	1,752	100.0%
Adjustment for noncontrolling interests in NHT		—	—	—	615	100.0%
Adjustment for redeemable noncontrolling interests in the OP		—	20	9	20	55.0%
FFO		5,391	(43,538)	(9,368)	(73,888)	87.3%
Distributions to Series A preferred shareholders		(1,155)	(1,155)	(2,310)	(2,310)	0.0%
Distributions to Series B preferred shareholders		(825)	(28)	(1,379)	(30)	4496.7%
FFO attributable to common shareholders		3,411	(44,721)	(13,057)	(76,228)	82.9%
FFO per share - basic		$ 0.07	$ (0.99)	$ (0.26)	$ (1.72)	84.9%
FFO per share - diluted		$ 0.06	$ (0.99)	$ (0.26)	$ (1.72)	84.9%
Loss on extinguishment of debt and modification costs		210	—	210	—	0.0%
Equity-based compensation expense		1,347	1,663	2,449	2,467	0.7%
Amortization of deferred financing costs - long term debt		144	196	349	339	2.9%
Change in unrealized losses (gains)		(6,538)	41,637	8,793	74,959	88.3%
Termination fee expense		—	3,539	—	3,539	100.0%
AFFO attributable to common shareholders		(1,426)	2,314	(1,256)	5,076	124.7%
AFFO per share - basic		$ (0.03)	$ 0.05	$ (0.02)	$ 0.11	118.2%
AFFO per share - diluted		$ (0.03)	$ 0.05	$ (0.02)	$ 0.11	118.2%
Weighted average common shares outstanding - basic		51,753	45,687	50,923	44,303	14.9%
Weighted average common shares outstanding - diluted	(2)	60,440	45,871	58,384	46,090	26.7%
Distributions declared per common share		$ 0.15	$ 0.15	$ 0.30	$ 0.30	0.0%
Net (loss) income coverage	(3)	0.26x	-6.43x	-1.26x	-5.96x	-78.9%
Net (loss) income coverage - diluted		0.23x	-6.41x	-1.10x	-5.73x	-80.8%
FFO Coverage - diluted	(3)	0.40x	-6.60x	-0.87x	-5.73x	-84.8%
AFFO Coverage - diluted	(3)	-0.20x	0.33x	-0.07x	0.37x	-118.9%

(1) Represents the percentage change for the six months ended June 30, 2026 compared to the six months ended June 30, 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 June 30, 2026 as compared to the three months ended June 30, 2025

FFO was $5.4 million for the three months ended June 30, 2026, compared to $(43.5) million for the three months ended June 30, 2025, which was an increase of approximately $48.9 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.

AFFO was $(1.4) million for the three months ended June 30, 2026, compared to $2.3 million for the three months ended June 30, 2025, which was a decrease of approximately $3.7 million. The change in our AFFO between the periods is primarily attributable to a $3.5 million termination fee to the former NHT Adviser recognized in the prior-year, and lower equity-based compensation and deferred financing cost amortization, partially offset by a decrease in operating expenses and a decrease in interest expense resulting from debt paydowns and lower interest rates.

The six months ended June 30, 2026 as compared to the six months ended June 30, 2025

FFO was $(9.4) million for the six months ended June 30, 2026, compared to $(73.9) million for the six months ended June 30, 2025, which was an increase of approximately $64.5 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 $(1.3) million for the six months ended June 30, 2026, compared to $5.1 million for the six months ended June 30, 2025, which was a decrease of approximately $6.4 million. The change in our AFFO between the periods is primarily attributable to a $3.5 million termination fee to the former NHT Adviser recognized in the prior-year, and lower equity-based compensation and deferred financing cost amortization, partially offset by a decrease in operating expenses and a decrease in interest expense resulting from debt paydowns and lower interest rates.

Net Asset Value

The SEC does not provide rules on the methodology we must use to determine our NAV or NAV per common share. The determination of NAV involves a number of subjective assumptions, estimates and judgments that may not be accurate or complete. We believe there is no established practice among REITs for calculating NAV. Different firms using different property-specific, general real estate, capital markets, economic and other assumptions, estimates and judgments could derive a NAV that could be significantly different from our NAV. Thus, other public REITs' methodologies used to calculate NAV may differ materially from ours. Additionally, our NAV differs from the values of our real estate assets as calculated in accordance with GAAP, in that we calculate NAV based on the Consolidated Balance Sheets as total assets minus total liabilities, less any equity attributable to preferred shareholders (such as the Series A Preferred Shares and 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 June 30, 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
June 30, 2026	1,039,169	(324,052)	(83,252)	(41,825)	(294)	589,746	63,196	$ 9.33
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 $4.3 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 June 30, 2026, we had $11.7 million of cash available to meet our short-term liquidity requirements. As of June 30, 2026, we also had $32.1 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 June 30, 2026, we also had $0.7 million of restricted cash held in reserve by the lender on the White Rock Center debt. These reserves include a lender-held reserve for tenant improvements, leasing commissions and capital expenditures related to the property. As of June 30, 2026, we also had $0.9 million of restricted cash held in reserve by the lender on the NexBank Revolver (as defined below). These reserves are to be used for future interest payments on the debt facility. As of June 30, 2026, we also had $6.2 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 June 30, 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 reallow all or any portion of the Selling Commissions and may reallow 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 June 30, 2026, the Company has sold 1,881,675 shares of the Series B Preferred Shares for total gross proceeds of $46.1 million.

Cash Flows

The following table presents selected data from our consolidated statements of cash flows for the six months ended June 30, 2026 and 2025 (in thousands):

	For the Six Months Ended June 30,	
	2026	2025
Net cash provided by (used in) operating activities	$ (5,131)	$ 7,151
Net cash provided by investing activities	25,345	34,860
Net cash used in financing activities	(20,084)	(42,041)
Net increase (decrease) in cash, cash equivalents and restricted cash	130	(30)
Cash, cash equivalents and restricted cash, beginning of period	51,407	48,901
Cash, cash equivalents and restricted cash, end of period	$ 51,537	$ 48,871

Cash flows from operating activities. During the six months ended June 30, 2026, net cash used in operating activities was $5.1 million, compared to net cash provided by operating activities of $7.2 million for the six months ended June 30, 2025. The change in cash flows from operating activities was mainly attributable to a decrease in revenues, unfavorable changes in operating assets and liabilities, and a decrease in distributions of earnings received from unconsolidated ventures, partially offset by a decrease in operating expenses, lower interest expense, and an increase in realized gains.

Cash flows from investing activities. During the six months ended June 30, 2026, net cash provided by investing activities was $25.3 million, compared to net cash provided by investing activities of $34.9 million for the six months ended June 30, 2025. The change in cash flows from investing activities was mainly attributable to a decrease in proceeds from asset redemptions and a decrease in proceeds from return of investment, partially offset by a decrease in cash used for purchases of investments.

Cash flows from financing activities. During the six months ended June 30, 2026, net cash used in financing activities was $20.1 million, compared to net cash used in financing activities of $42.0 million for the six months ended June 30, 2025. The change in cash flows from financing activities was mainly attributable to paydowns on mortgage debt and the repurchase of common shares, partially offset by mortgage proceeds received, proceeds from the issuance of Series B Preferred Shares, and paydowns of outstanding debt and lower interest rates.

Debt

Mortgage Debt

As of June 30, 2026, our consolidated subsidiaries had aggregate mortgage debt outstanding to third parties of approximately $197.1 million at a weighted average interest rate of 7.18%. 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 November 21, 2026. The NexBank Revolver bears interest at one-month SOFR plus 3.50% and has two remaining six-month extension options. As of June 30, 2026, the NexBank Revolver had an outstanding balance of $8.8 million. As of June 30, 2026, the Company held $0.9 million in restricted cash in the interest reserve account.

Notes Payable, Freedom LHV

On August 2, 2024, the Company, through Freedom LHV, 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. On June 26, 2026, Freedom LHV repaid the OSL note in full.

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 June 30, 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 5.65% and 10.11%, respectively.

On February 15, 2022, in connection with the acquisition of the Hyatt Place Park City and Bradenton Inn & Suites 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 Hampton Inn & Suites property on March 24, 2026, the OSL Loan is secured solely by the Hyatt Place Park City property as of June 30, 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, including certain notes that are convertible as to both principal and interest at any time while the notes are outstanding and certain notes, the Fixed Rate Convertible Notes, that are convertible as to principal only during the five-year period following their respective issuance dates at fixed rates ranging from 2.25% to 7.50% (which were market interest rates at the time of their issuance). As of June 30, 2026, $38.0 million aggregate principal amount of the Fixed Rate Convertible Notes were convertible. No Fixed Rate Convertible Notes will remain convertible after September 30, 2027. As of June 30, 2026, the net carrying amount of the convertible notes due to affiliates of the former NHT Adviser was $52.6 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 June 30, 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 June 30, 2026 for the next five calendar years subsequent to June 30, 2026.

	Payments Due by Period (in thousands)							
	Total	2026	2027	2028	2029	2030	Thereafter	
Property Level Debt								
Principal payments	$ 210,334	$ 136,394	$ 48,425	$ —	$ 14,140	$ —	$ 11,375	
Interest expense	14,924	6,185	3,208	2,402	1,341	1,201	587	
Total	$ 225,258	$ 142,579	$ 51,633	$ 2,402	$ 15,481	$ 1,201	$ 11,962	
Prime Brokerage Borrowing								
Principal payments	$ 5,907	$ —	$ —	$ —	$ —	$ —	$ 5,907	(1)
Interest expense	1,094	122	243	243	243	243	—	(1)
Total	$ 7,001	$ 122	$ 243	$ 243	$ 243	$ 243	$ 5,907	
Series A Preferred Shares								
Distribution payments	N/A (2)	$ 4,620	$ 9,240	$ 9,240	$ 9,240	$ 9,240	N/A	(2)
Series B Preferred Shares								
Distribution payments	N/A (2)	$ 2,114	$ 4,227	$ 4,227	$ 4,227	$ 4,227	N/A	(2)
Credit Facility								
Principal payments	$ 67,788	$ 8,830	$ 21,347	$ —	$ —	$ —	$ 37,611	
Interest expense	23,050	1,549	1,595	1,416	1,416	1,416	15,658	
Total	$ 90,838	$ 10,379	$ 22,942	$ 1,416	$ 1,416	$ 1,416	$ 53,269	
Total contractual obligations and commitments	$ 383,698	$ 159,814	$ 88,285	$ 17,528	$ 30,607	$ 16,327	$ 71,138	

(1) Assumes no additional borrowings or repayments. The Prime Brokerage 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 and six months ended June 30, 2026, the Company expensed $2.9 million and $6.0 million, respectively, 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 June 30, 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 June 30, 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 $1.2 million associated with the TRSs for the six months ended June 30, 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 $1.2 million for the six months ended June 30, 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 June 30, 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 June 30, 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 June 30, 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 June 30, 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 June 30, 2026, the outstanding NSP Series D Preferred Stock accrued dividends were $16.0 million, and the Company and NREF OP IV REIT Sub, LLC are jointly and severally liable for 85.90% of the guaranteed amount. See Note 13 to our consolidated financial statements for additional information.

The Company is a guarantor the Citi Loan, with an aggregate principal amount of $750.0 million outstanding as of June 30, 2026, pursuant to the Citi Guaranty. See Note 13 to our consolidated financial statements for additional information.

The Company is a limited guarantor and an indemnitor on one of its subsidiary's loans with an aggregate principal amount of $35.2 million as of June 30, 2026.See Note 12 to our consolidated financial statements for additional information.

The Company is a limited guarantor and an indemnitor on with the OSL Loan, which has an aggregate principal amount of $14.1 million outstanding, as of June 30, 2026. See Note 12 to our consolidated financial statements for additional information.

The Company is a guarantor and an indemnitor on the Cityplace debt, with an aggregate principal amount of $136.4 million outstanding as of June 30, 2026. 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 $66.3 million outstanding as of June 30, 2026. See Note 13 to our consolidated financial statements for additional information.

The OP, together with Calida Holdings III, LP, is a guarantor and an indemnitor on two loans taken by the SPEs that own the Tivoli North Property. See Note 12 to our consolidated financial statements for additional information.

The Company is a guarantor and an indemnitor on the NexBank Revolver. 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 on a loan held by the SPE that owns Marriott Uptown. See Note 13 to our consolidated financial statements for additional information.

The Company, through one of its subsidiaries, is committed to fund up to $18.4 million of preferred units of AMS C-Store JV, LLC in connection with convenience store property developments across Texas, of which $2.1 million was unfunded as of June 30, 2026. See Note 13 to our consolidated financial statements for additional information.

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 June 30, 2026, approximately 42.9% 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 six months ended June 30, 2026, the unrealized (losses) related to the change in fair value of Level 3 investments is $17.9 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 any of the three and six months ended June 30, 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 June 30, 2026 and December 31, 2025, there were no properties classified as held for sale. For the three and six months ended June 30, 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 June 30, 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 June 30, 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 June 30, 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 six months ended June 30, 2026 the Company repurchased 624,920 of its common shares at a total cost of approximately $2.8 million, or $4.42 per share on average. Since the inception of the share repurchase program through June 30, 2026, the Company had repurchased 1,187,077 of its common shares at a total cost of approximately $4.7 million, or $3.92 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	1,077,594	$ 3.84	1,077,594	$ 15.9
April 1 – April 30	—	—	—	15.9
May 1 – May 31	—	—	—	15.9
June 1 – June 30	109,483	4.70	109,483	15.4
Total as of June 30, 2026	1,187,077	$ 3.92	1,187,077	$ 15.4

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*	Limited Consent and Sixteenth Omnibus Amendment Agreement, dated May 11, 2026, by and among CP Tower Owner, LLC, CP Land Owner, LLC, CP Equity Owner, LLC, CP Equity Land Owner, LLC, NexPoint Diversified Real Estate Trust, NexPoint Real Estate Partners, LLC and Delphi CRE Funding LLC, ACORE Credit IV CLO Issuer 2018-1, LLC.
10.2*	Participation Side Agreement, dated April 3, 2026, by and among NexPoint Real Estate Finance Operating Partnership, L.P., Highland Opportunities and Income Fund, NexPoint Diversified Real Estate Trust Operating Partnership, L.P., Highland Global Allocation Fund and NRESF REIT Sub II, LLC.
10.3	NexPoint Diversified Real Estate Trust 2026 Long Term Incentive Plan (incorporated by reference to Exhibit 10.1 of the Company's Current Report on Form 8-K filed with the SEC on June 2, 2026).
10.4*	Form of Restricted Share Units Agreement (Employee) for award agreements entered into under the Amended and Restated NexPoint Diversified Real Estate Trust 2023 Long Term Incentive Plan in April 2026
10.5*	Form of Restricted Share Units Agreement (Trustee) for award agreements entered into under the NexPoint Diversified Real Estate Trust 2026 Long Term Incentive Plan in June 2026 and after
10.6*	Form of Restricted Share Units Agreement (Employee) for award agreements entered into under the NexPoint Diversified Real Estate Trust 2026 Long Term Incentive Plan in June 2026 and after
31.1*	Certification of Principal Executive Officer pursuant to Section 302 of the Sarbanes-Oxley Act of 2002
31.2*	Certification of Principal Financial Officer pursuant to Section 302 of the Sarbanes-Oxley Act of 2002
32.1+	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
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
/s/ Jim Dondero Jim Dondero	President (Principal Executive Officer)	August 14, 2026
/s/ Paul Richards Paul Richards	Chief Financial Officer, Executive VP-Finance, Treasurer, and Assistant Secretary (Principal Financial Officer and Principal Accounting Officer)	August 14, 2026

Exhibit 10.1

LIMITED CONSENT AND SIXTEENTH OMNIBUS AMENDMENT AGREEMENT

This Limited Consent and Sixteenth Omnibus Amendment Agreement (this "**Agreement**"), executed as of May 11, 2026 (the "**Execution Date**"), but effective May 8, 2026 (the "**Effective Date**") is made and entered into by and among (i) **CP TOWER OWNER, LLC**, a Delaware limited liability company ("**CP Tower Mortgage Borrower**"), and **CP LAND OWNER, LLC**, a Delaware limited liability company ("**CP Land Mortgage Borrower,**" and together with CP Tower Mortgage Borrower, collectively, "**Mortgage Borrower**"), (ii) **CP EQUITY OWNER, LLC**, a Delaware limited liability company, and **CP EQUITY LAND OWNER, LLC**, a Delaware limited liability company (collectively, "**Mezzanine Borrower**", and together with the Mortgage Borrower, collectively, the "**Borrower**"), (iii) **NEXPOINT DIVERSIFIED REAL ESTATE TRUST**, a Delaware statutory trust (formerly known as **NEXPOINT STRATEGIC OPPORTUNITIES FUND**), and **NEXPOINT REAL ESTATE PARTNERS, LLC**, a Delaware limited liability company (formerly known as **HCRE PARTNERS, LLC**, a Delaware limited liability company) (collectively, "**Guarantor**," and together with Borrower, the "**Obligors**"), (iv) **DELPHI CRE FUNDING LLC**, a Delaware limited liability company ("**Delphi Initial Lender**"), and (v) **ACORE CREDIT IV CLO ISSUER 2018-1, LLC**, a Delaware limited liability company ("**ACORE CLO Onshore**," and together with Delphi Initial Lender, and the other Lenders from time to time party to the Loan Agreement (defined below), and their respective successors and assigns and participants, "**Lender**"), and (vii) **ACORE CAPITAL MORTGAGE, LP**, a Delaware limited partnership, as administrative agent for and on behalf of Lender (in such capacity, together with its successors and assigns, the "**Administrative Agent**"). All capitalized terms that are used without being defined herein shall have the meanings given to such terms in the Loan Agreement (as defined herein).

BACKGROUND

A. Mortgage Borrower, Administrative Agent, Delphi Initial Lender, and **AC IV CA MORTGAGE LLC**, a Delaware limited liability company ("**AC IV Initial Lender**," and together with Delphi Initial Lender, collectively, the "**Initial Lenders**") entered into that certain Loan Agreement dated as of August 15, 2018 (the "**Original Mortgage Loan Agreement**"), pursuant to which the Lender made a loan (the "**Mortgage Loan**") to Mortgage Borrower in the original principal amount of $153,683,400.00, which Mortgage Loan is evidenced by the Mortgage Loan Agreement and the other Loan Documents (as defined in the Mortgage Loan Agreement), which Original Mortgage Loan Agreement was thereafter amended by that certain Limited Consent and Omnibus Amendment Agreement dated as of November 10, 2020, but effective as of September 8, 2020, by and between Mortgage Borrower, Administrative Agent, and the Initial Lenders (the "**First Limited Consent**"), which Original Mortgage Loan Agreement was thereafter further amended by that certain Limited Consent and Second Omnibus Amendment Agreement dated as of February 1, 2021, but effective as of December 30, 2020, by and between Mortgage Borrower, Administrative Agent, and the Initial Lenders (the "**Second Limited Consent**"), which Original Mortgage Loan Agreement was thereafter further amended by that certain Limited Consent and Third Omnibus Amendment Agreement dated as of March 19, 2021, by and between Mortgage Borrower, Guarantor, Administrative Agent, and the Initial Lenders (the "**Third Limited Consent**"), which Original Mortgage Loan Agreement was thereafter further amended by that certain Fourth Amendment to Loan Agreement dated as of

September 8, 2021, by and between Mortgage Borrower, Guarantor, Administrative Agent, and the Initial Lenders (the "**Fourth Mortgage Loan Amendment**"), which Original Mortgage Loan Agreement was thereafter further amended by that certain Limited Consent and Fifth Omnibus Amendment Agreement dated as of March 8, 2021, by and between Borrower, Guarantor, Administrative Agent, and the Initial Lenders (the "**Fifth Limited Consent**"), which Original Mortgage Loan Agreement was thereafter further amended by that certain Limited Consent and Sixth Omnibus Amendment Agreement dated as of June 8, 2022, by and between Borrower, Guarantor, Administrative Agent, and the Initial Lenders (the "**Sixth Limited Consent**"), which Original Mortgage Loan Agreement was thereafter further amended by that certain Limited Consent and Seventh Omnibus Amendment Agreement dated as of August 8, 2022, by and between Borrower, Guarantor, Administrative Agent, and the Initial Lenders (the "**Seventh Limited Consent**"), which Original Mortgage Loan Agreement was thereafter further amended by that certain Eighth Omnibus Amendment Agreement dated as of September 22, 2022, by and between Borrower, Guarantor, Administrative Agent, and the Initial Lenders (the "**Eighth Omnibus Amendment**"), which Original Mortgage Loan Agreement was thereafter further amended by that certain Limited Consent and Ninth Omnibus Amendment Agreement dated as of November 8, 2022, by and between Borrower, Guarantor, Administrative Agent, and the Initial Lenders (the "**Ninth Omnibus Amendment**"), which Original Mortgage Loan Agreement was thereafter further amended by that certain Limited Consent and Tenth Omnibus Amendment Agreement dated as of February 8, 2023, by and between Borrower, Guarantor, Administrative Agent, and the Initial Lenders (the "**Tenth Omnibus Amendment**"), which Original Mortgage Loan Agreement was thereafter further amended by that certain Limited Consent and Eleventh Omnibus Amendment Agreement dated as of May 8, 2023, by and between Borrower, Guarantor Administrative Agent, Delphi Initial Lender, **ACORE CREDIT IV REIT II SPV, LLC**, a Delaware limited liability company, as lender, and **ACORE CREDIT IV (OFFSHORE) SPV II, LLC**, a Delaware limited liability company, as lender (the "**Eleventh Omnibus Amendment**"), and which Original Mortgage Loan Agreement was thereafter further amended by that certain Limited Consent and Twelfth Omnibus Amendment Agreement dated as of September 8, 2023, by and between Borrower, Guarantor Administrative Agent, ACORE CLO Onshore, and Delphi Initial Lender (the "**Twelfth Omnibus Agreement"**), and which Original Mortgage Loan Agreement was thereafter further amended by that certain Limited Consent and Thirteenth Omnibus Amendment Agreement dated as of March 8, 2024, by and between Borrower, Guarantor Administrative Agent, ACORE CLO Onshore, and Delphi Initial Lender (the "**Thirteenth Omnibus Amendment**"), and which Original Mortgage Loan Agreement was thereafter further amended by that certain Limited Consent and Fourteenth Omnibus Amendment Agreement executed on April 15, 2025, and effective as of March 8, 2025, by and between Borrower, Guarantor Administrative Agent, ACORE CLO Onshore, and Delphi Initial Lender (the "**Fourteenth Omnibus Agreement**"), and which Original Mortgage Loan Agreement was thereafter further amended by that certain Limited Consent and Fifteenth Omnibus Amendment Agreement executed on March 30, 2026, and effective as of March 8, 2026, by and between Borrower, Guarantor Administrative Agent, ACORE CLO Onshore, and Delphi Initial Lender (the "**Fifteenth Omnibus Agreement**", and together with the Original Mortgage Loan Agreement, the First Limited Consent, the Second Limited Consent, the Third Limited Consent, the Fourth Mortgage Loan Amendment, the Fifth Limited Consent, the Sixth Limited Consent, the Seventh Limited Consent, the Eighth Omnibus Amendment, the Ninth Omnibus Amendment, the Tenth Omnibus Amendment, the Eleventh Omnibus Amendment, the

Twelfth Omnibus Amendment, the Thirteenth Omnibus Amendment and the Fourteenth Omnibus Amendment, and together with this Agreement, as the same may be further amended, restated, replaced, supplemented or otherwise modified from time to time, collectively, the "**Mortgage Loan Agreement**").

B. The Mortgage Loan is evidenced by that certain Promissory Note A-1 dated as of August 15, 2018, made by Borrower to the order of Delphi Initial Lender in the amount of $95,027,762.00 ("**Note A-1**"), that certain Promissory Note A-1F dated as of August 15, 2018, made by Borrower to the order of Delphi Initial Lender in the amount of $16,972,238.00 ("**Note A-1F**"), that certain Promissory Note A-2 dated as of August 15, 2018, made by Borrower to the order of AC IV Initial Lender in the amount of $11,962,638.00 ("**Note A-2**"), that certain Promissory Note A-2F dated as of August 15, 2018, made by Borrower to the order of AC IV Initial Lender in the amount of $2,136,562.00 ("**Note A-2F**"), that certain Promissory Note B-1 dated as of August 15, 2018, made by Borrower to the order of Delphi Initial Lender in the amount of $20,256,941.00 ("**Note B-1**"), that certain that certain Promissory Note B-1F dated as of August 15, 2018, made by Borrower to the order of Delphi Initial Lender in the amount of $4,243,059.00 ("**Note B-1F**"), that certain Promissory Note B-2 dated as of August 15, 2018, made by Borrower to the order of AC IV Initial Lender in the amount of $2,550,059.00 ("**Note B-2**"), and that certain Promissory Note B-2F dated as of August 15, 2018, made by Borrower to the order of AC IV Initial Lender in the amount of $534,141.00 ("**Note B-2F**").

C. Mezzanine Borrower, Administrative Agent, and the Initial Lenders are parties to that certain Mezzanine Loan Agreement dated as of August 15, 2018 (the "**Original Mezzanine Loan Agreement**"), pursuant to which the Lender made a loan (the "**Mezzanine Loan**", and collectively, with the Mortgage Loan, the "**Loan**") to Mezzanine Borrower in the original principal amount of $3,940,600.00, which Mezzanine Loan is evidenced by the Mezzanine Loan Agreement and the other Loan Documents (as defined in the Mezzanine Loan Agreement), which Original Mezzanine Loan Agreement was thereafter amended by the First Limited Consent, the Second Limited Consent, the Third Limited Consent, that certain Fourth Amendment to Mezzanine Loan Agreement dated as of September 8, 2021, by and between Mezzanine Borrower, Guarantor, Administrative Agent, and the Initial Lenders (the "**Fourth Mezzanine Loan Amendment**"), the Fifth Limited Consent, the Sixth Limited Consent, the Seventh Limited Consent, the Eighth Omnibus Amendment, the Ninth Omnibus Amendment, the Tenth Omnibus Amendment, the Eleventh Omnibus Amendment, the Twelfth Omnibus Amendment, Thirteenth Omnibus Amendment, Fourteenth Omnibus Amendment and Fifteenth Omnibus Amendment (such First Limited Consent, Second Limited Consent, Third Limited Consent, Fourth Mezzanine Loan Amendment, Fifth Limited Consent, Sixth Limited Consent, Seventh Limited Consent, Eighth Omnibus Amendment, Ninth Omnibus Amendment, Tenth Omnibus Amendment, Eleventh Omnibus Amendment, Twelfth Omnibus Amendment, Thirteenth Omnibus Amendment, Fourteenth Omnibus Amendment and Fifteenth Omnibus Amendment, and together with the Original Mezzanine Loan Agreement, and this Agreement, as the same may be further amended, restated, replaced, supplemented or otherwise modified from time to time, collectively, the "**Mezzanine Loan Agreement**," and together with the Mortgage Loan Agreement, as and where applicable, collectively, the "**Loan Agreement**").

D. The Mezzanine Loan is evidenced by that certain Mezzanine Promissory Note 1 dated as of August 15, 2018, made by Borrower to the order of Delphi Initial Lender in the amount of $3,500,000.00 ("**Mezz Note 1**," and together with Note A-1, Note A-1F, Note B-1, and Note B-1F, collectively, the "**Series 1 Notes**") and that certain Mezzanine Promissory Note 2 dated as of August 15, 2018, made by Borrower to the order of AC IV Initial Lender in the amount of $440,600.00 ("**Mezz Note 2**," and together with Note A-2, Note A-2F, Note B-2, and Note B-2F, collectively, the "**Series 2 Notes**").

E. ACORE CLO Onshore is the holder of the Series 2 Notes.

F. Delphi Initial Lender remains the holder and sole owner of the Series 1 Notes.

G. Guarantor executed (a) in connection with the Mortgage Loan, (i) each of that certain Guaranty of Recourse Obligations, Completion Guaranty, Guaranty of Required Equity, Required Pay Down and Master Lease, each dated as of August 15, 2018 (collectively, the "**Mortgage Loan Guaranties**"), and (ii) that certain Environmental Indemnity Agreement, dated August 15, 2018 (the "**Mortgage Environmental Indemnity**"); and (b) in connection with the Mezzanine Loan, (i) each of that certain Mezzanine Guaranty of Recourse Obligations, Mezzanine Completion Guaranty, Mezzanine Guaranty of Required Equity, Required Pay Down and Master Lease, each dated as of August 15, 2018 (collectively, the "**Mezzanine Loan Guaranties**," and together with the Mortgage Loan Guaranties, collectively, the "**Guaranty**"), and (ii) that certain Mezzanine Environmental Indemnity Agreement, dated August 15, 2018 (the "**Mezzanine Environmental Indemnity**," and together with the Mortgage Environmental Indemnity, collectively, the "**Environmental Indemnity**").

H. Intentionally Omitted.

I. Borrower has requested a deferral of the Maturity Date occurring on the Payment Date in May 8, 2026, under and pursuant to (and as defined in) each of the Mortgage Loan Agreement and the Mezzanine Loan Agreement.

J. Administrative Agent is willing to provide its limited consent to defer the Maturity Date under and pursuant to (and as defined in) each of the Mortgage Loan Agreement and the Mezzanine Loan Agreement, subject to the terms and conditions of this Agreement, including the amendments of the Loan Documents as set forth herein (provided that, for purposes of this Agreement, the use of "Maturity Date" shall mean each of or either of the "Maturity Date" under and as defined in the Mortgage Loan Agreement and the "Maturity Date" under and as defined in the Mezzanine Loan Agreement).

K. Administrative Agent and Obligors have executed (i) that certain Reservation of Rights and Pre-Negotiation Letter Agreement dated September 18, 2020, but effective as of November 10, 2020, and (ii) that certain Reservation of Rights and Pre-Negotiation Letter Agreement dated August 18, 2023, in each case, in connection with the Loan (collectively, the "**PNL**")

NOW, THEREFORE, in consideration of the promises and mutual agreements herein contained and incorporating the above Background by reference herein, Obligors, Administrative Agent, and Lender, intending to be legally bound hereby, agree as follows:

ARTICLE I

LIMITED CONSENT

1.1**Limited Consent**. Upon satisfaction of the conditions set forth in this Agreement, Administrative Agent hereby consents to the deferral of the Maturity Date as set forth herein. The consent contained in this Section 1.1 is a one-time limited consent and (a) shall only be relied upon and used solely for the specific purposes set forth herein, (b) shall not constitute nor be deemed to constitute a waiver of (1) any Default or Event of Default, or (2) any other term or condition of the Loan Agreement and the other Loan Documents, (c) shall not constitute nor be deemed to constitute a consent by Administrative Agent to, or a waiver by Administrative Agent of, anything other than as expressly set forth herein, and (d) shall not constitute a custom or course of dealing among the parties hereto. Upon the failure by any Obligor whatsoever to perform any obligation or condition in this Agreement (beyond any applicable notice and cure period, if any), Obligors shall immediately and automatically (without any notice or demand from Administrative Agent) cease to be entitled to any privileges set forth in this Agreement and Administrative Agent shall have the right to pursue all rights and remedies hereunder, and under the Loan Documents and/or applicable law and equity, as if no such privileges were ever provided (such that an Event of Default shall be deemed to exist as of the date upon which Obligors were first provided with such privileges hereunder (i.e., as of September 8, 2020) (the "**Deferral Commencement Date**"), and such rights and remedies shall include, without limitation, charging interest at the Default Rate retroactively from and after the Deferral Commencement Date).

1.2**Deferral of Maturity Date**. Borrower acknowledges and agrees that it has not satisfied the Extension Conditions (under and as defined in each of the Mortgage Loan Agreement and the Mezzanine Loan Agreement). Notwithstanding anything to the contrary in the Loan Agreement, and subject to the terms and conditions of this Agreement, and without waiving any of the Borrower's obligations in the Loan Documents except as expressly set forth herein, Administrative Agent hereby agrees to defer of the Maturity Date occurring on the Payment Date in May, 2026 (the "**May 2026 Maturity Date**"), until no later than the Payment Date in July, 2026 (the "**Deferred Maturity Date**"). Notwithstanding anything to the contrary in the Loan Agreement, Borrower shall not otherwise be required as of the May 2026 Maturity Date to either (i) extend or maintain an Interest Rate Cap Agreement or (ii) achieve a Debt Yield of at least ten percent (10.0%), in each case, as a condition to Administrative Agent's agreement to defer the May 2026 Maturity Date.

1.3 **Amendments to Loan Documents**.

(a)Obligors acknowledge and agree that Section 5.1 of each Loan Agreement (Affirmative Covenants) is hereby amended to insert all of the covenants set forth in Schedule 1 to this Agreement as additional affirmative covenants under such section.

(b)Obligors acknowledge and agree that the Loan Documents are further amended as set forth in Schedule 2 to this Agreement.

(c) Intentionally Omitted.

(d)Obligors acknowledge and agree that the definition of "Master Lease" set forth in Section 1.1 of the Mortgage Loan Agreement is hereby amended and restated in its entirety as follows:

"Master Lease" means that certain Master Lease dated as of August 15, 2018 between Borrower and Guarantor with respect to the Property, as amended by that certain First Amendment to Master Lease dated as of April 15, 2025 between Borrower and Guarantor (being acknowledged and agreed to by Administrative Agent), as further amended by that certain Second Amendment to Master Lease dated effective as of March 8, 2026, between Borrower and Guarantor (being acknowledged and agreed to by Administrative Agent), and as further amended by that certain Third Amendment to Master Lease dated as of May 8, 2026, between Borrower and Guarantor (being acknowledged and agreed to by Administrative Agent).

(e)Obligors acknowledge and agree that the definition of "Master Lease" set forth in Section 1.1 of the Mezzanine Loan Agreement is hereby amended and restated in its entirety as follows:

"Master Lease" means that certain Master Lease dated as of August 15, 2018 between Mortgage Borrower and Guarantor with respect to the Property, as amended by that certain First Amendment to Master Lease dated as of April 15, 2025 between Mortgage Borrower and Guarantor (being acknowledged and agreed to by Mortgage Loan Administrative Agent), as further amended by that certain Second Amendment to Master Lease dated effective as of March 8, 2026, between Mortgage Borrower and Guarantor (being acknowledged and agreed to by Administrative Agent), and as further amended by that certain Third Amendment to Master Lease dated as of May 8, 2026, between Borrower and Guarantor (being acknowledged and agreed to by Administrative Agent).

1.4**Prohibition on Construction and Alterations**. Notwithstanding anything to the contrary in the Loan Agreement or other Loan Documents, unless or until otherwise agreed in writing by Administrative Agent in its sole and absolute discretion, Obligors shall not cause or permit any alterations to any of the Improvements, or any work related to the Project or any other construction work on the Property; provided that, the forgoing limitations shall not apply to (a) tenant improvement work performed pursuant to any Lease approved in accordance with the Loan Agreement, (b) a Restoration required under the Loan Agreement, or (c) any such alterations or construction work approved in writing by Administrative Agent in its sole and absolute discretion.

1.5 **Modification Endorsements to Title Insurance Policies**. Not later than ten (10) Business Days after the Execution Date, Borrower shall deliver to Administrative Agent at no cost to Administrative Agent an endorsement to each Title Insurance Policy in form and substance acceptable to Administrative Agent insuring the continued priority of the lien of each applicable Security Instrument.

ARTICLE II - CONDITIONS PRECEDENT

The effectiveness of this Agreement and Administrative Agent's obligations hereunder are conditioned upon the fulfillment by Obligors of all of the following conditions precedent on or before the Execution Date, in addition to Obligors' compliance with all other obligations set forth in this Agreement:

2.1**Documents to be Delivered to Administrative Agent.** Obligors shall deliver, or cause to be delivered to Administrative Agent, all of the following:

(a)this Agreement in form and substance satisfactory to Administrative Agent, duly executed by all of Obligors;

(b)an amendment to the Master Lease in form and substance satisfactory to Administrative Agent, duly executed by Tenant (as defined in the Master Lease) and Landlord (as defined in the Master Lease), extending the scheduled expiration date of the Lease Term (as defined in the Master Lease) to a date which is not earlier than the Deferred Maturity Date; and

(c)such other Obligor-related or Property-related information and/or documentation as may be required by Administrative Agent in its sole discretion.

2.2**Liability for Payment of Fees and Expenses; Indemnification for Losses**. Borrower must pay Administrative Agent all out-of-pocket costs and expenses, including, without limitation, all costs and expenses of outside legal counsel, incurred by Administrative Agent in conjunction with the preparation, negotiation, and closing of this Agreement. Additionally, Borrower shall pay all fees, costs, expenses and penalties, if any, to the extent charged by any third parties.

2.3**Administrative Agent Processing Fee**. Obligors shall pay to Administrative Agent a processing fee in the amount of $2,500.00 in connection with the negotiation and execution of this Agreement.

2.4**Extension Fee**. Obligors shall pay to Administrative Agent (i) an extension fee in connection with the extension of the Maturity Date in accordance with this Agreement in the aggregate amount of $56,955.05.

ARTICLE III - REPRESENTATIONS AND WARRANTIES

To induce Administrative Agent, for and on behalf of Lender, to enter into this Agreement and as consideration for the terms and conditions contained herein, Obligors make the following representations and warranties, each and all of which shall survive the execution and delivery of this Agreement and all of the other documents executed in connection herewith:

3.1**Approvals and Authority from Third Parties**. Obligors have obtained the necessary approvals and authorizations from all applicable third-parties to execute this Agreement, including, without limitation, any and all franchisors, management companies, governmental authorities, ground lessors, and labor unions, as and to the extent applicable to Obligors and the Property.

3.2**<u>Exclusive and First Priority Perfected Lien.</u>** Administrative Agent has, as of the Execution Date, and shall continue to have, until all of the Obligations are paid and satisfied in full, first priority, valid perfected liens upon and security interests in all of the collateral under the Loan Documents to secure the payment and performance of all of the Obligations.

3.3**<u>No Untrue or Misleading Statements.</u>** Neither this Agreement nor any other document executed in connection herewith contains any untrue statement of a material fact or omits any material fact necessary in order to make the statement made, in light of the circumstances under which it was made, accurate in all material respects.

3.4**<u>Guarantor Reaffirmation.</u>** Guarantor (i) has reviewed, and consents to, the terms of this Agreement, (ii) unconditionally ratifies and confirms, renews and reaffirms all of its respective obligations under the Guaranty and the Environmental Indemnity, and (iii) acknowledges and agrees that such obligations remain in full force and effect, binding on and enforceable against Guarantor in accordance with their respective terms, covenants and conditions without impairment.

<u>ARTICLE IV - RELEASE BY OBLIGORS</u>

EACH OBLIGOR, FOR AND ON BEHALF OF SUCH OBLIGOR AND ALL PERSONS AND/OR ENTITIES CLAIMING BY, THROUGH AND/OR UNDER SUCH OBLIGOR INCLUDING, BUT NOT LIMITED TO, ALL OF SUCH OBLIGOR'S PAST AND PRESENT PARTNERS, DIRECTORS, SHAREHOLDERS, OFFICERS, EMPLOYEES, ATTORNEYS, ACCOUNTANTS, ADMINISTRATORS, AGENTS, SUBSIDIARIES, AFFILIATES, REPRESENTATIVES, PREDECESSORS, SUCCESSORS AND ASSIGNS (COLLECTIVELY REFERRED TO HEREIN, JOINTLY AND SEVERALLY, AS THE "OBLIGOR GROUP RELEASORS") HEREBY UNCONDITIONALLY REMISES, RELEASES, ACQUITS AND FOREVER DISCHARGES THE ADMINISTRATIVE AGENT AND LENDER AND ALL OF THEIR RESPECTIVE PAST AND PRESENT PARTNERS, DIRECTORS, SHAREHOLDERS, MEMBERS, MANAGERS, OFFICERS, EMPLOYEES, ATTORNEYS, ACCOUNTANTS, ADMINISTRATORS, AGENTS, PARENT CORPORATIONS, SUBSIDIARIES, AFFILIATES, REPRESENTATIVES, PREDECESSORS, SUCCESSORS, AND ASSIGNS (COLLECTIVELY REFERRED TO HEREIN AS THE "LENDER GROUP RELEASEES") OF, FROM AND WITH RESPECT TO ANY AND ALL GRIEVANCES, DISPUTES, MANNER OF ACTIONS, CAUSES OF ACTION, SUITS, OBLIGATIONS, LIABILITIES, LOSSES, DEBTS, DAMAGES, DUES, SUMS OF MONEY, ACCOUNTS, RECKONINGS, CONTROVERSIES, AGREEMENTS, CLAIMS, DEMANDS, COUNTERCLAIMS AND CROSSCLAIMS, INCLUDING, BUT NOT LIMITED TO ALL CLAIMS AND CAUSES OF ACTION ARISING OUT OF OR RELATED TO THIS AGREEMENT AND THE LOAN DOCUMENTS AND/OR ALL TRANSACTIONS RELATED THERETO, WHETHER KNOWN OR UNKNOWN, ANTICIPATED OR UNANTICIPATED, DIRECT, INDIRECT OR CONTINGENT, ARISING IN LAW OR EQUITY, WHICH OBLIGOR GROUP RELEASORS (OR ANY

OF THEM) EVER HAD, NOW HAVE, OR MAY EVER HAVE AGAINST ANY ONE OR MORE OF LENDER GROUP RELEASEES, FROM THE BEGINNING OF TIME THROUGH THE EFFECTIVE DATE.

<u>ARTICLE V - MISCELLANEOUS</u>

5.1**<u>Integration</u>**. This Agreement supersedes all oral negotiations and prior and other writings with respect to the subject matter hereof, and is intended by the parties as the final expression of the agreement with respect to the terms and conditions set forth in this Agreement, except that the Loan Agreement and the other Loan Documents remain valid and enforceable. Except as expressly modified pursuant hereto, no other changes or modifications to the Loan Agreement or any other Loan Document are intended or implied by this Agreement, and in all other respects the Loan Agreement and the other Loan Documents hereby are ratified, reaffirmed and confirmed by all parties hereto as of the Effective Date. To the extent of any conflict between the terms of this Agreement, the Loan Agreement, and other Loan Documents, the terms of this Agreement shall govern and control. This Agreement shall constitute a Loan Document for purposes of the Loan Agreement. NOTWITHSTANDING ADMINISTRATIVE AGENT AND LENDER CONSENTING TO ANY PRIOR AMENDMENT TO THE LOAN AGREEMENT, NEITHER ADMINISTRATIVE AGENT NOR ANY LENDER IS MAKING ANY COMMITMENT, EXPRESS OR IMPLIED, AND HAS NO OBLIGATION TO ENTER INTO ANY FURTHER AGREEMENT, TO FURTHER DEFER THE MATURITY DATE OR TO PROVIDE ANY OTHER CONSENT, WAIVER OR ACCOMMODATION IN FAVOR OF OBLIGORS.

5.2**<u>Cooperation; Other Documents</u>**. At all times following the execution of this Agreement, Obligors shall execute and deliver to the Administrative Agent, or shall cause to be executed and delivered to Administrative Agent and shall do or cause to be done all such other acts and things as the Administrative Agent deems to be necessary or desirable to assure the Administrative Agent of the benefit of this Agreement and the documents comprising or relating to this Agreement.

5.3**<u>Written Agreement Contemplated by PNL</u>**. This Agreement is a written agreement as contemplated by the PNL.

5.4**<u>Amendment and Waiver</u>**. No amendment of this Agreement, and no waiver, discharge or termination of any one or more of the provisions thereof, shall be effective unless set forth in writing and signed by all of the parties hereto.

5.5**<u>Severability</u>**. If any provision of this Agreement shall be held invalid under any applicable law, such invalidity shall not affect any other provision of this Agreement that can be given effect without such invalid provision.

5.6**<u>Successors and Assigns</u>**. This Agreement (a) shall be binding upon the parties hereto, thereto and upon their respective successors or assigns, and (b) shall inure to the benefit of the parties hereto, thereto and their respective successors or assigns; <u>provided, however</u>, that Obligors may not assign or delegate any rights hereunder or thereunder or any interest herein or therein without obtaining the prior written consent of the Administrative Agent, as applicable, and any such assignment or attempted assignment shall be void and of no effect.

5.7**Counterparts; Effectiveness.** This Agreement may be executed by electronic signatures and in any number of counterparts and by the different parties on separate counterparts, and each such counterpart shall be deemed to be an original, but all such counterparts shall together constitute one and the same Agreement. This Agreement shall be deemed to have been executed and delivered when the Administrative Agent has received electronic counterparts hereof executed by all parties listed on the signature pages hereto.

5.8**Notices.** Any notices or other communications sent or transmitted pursuant to this Agreement by any of Obligors to Administrative Agent shall be by electronic email sent to notices@acorecapital.com and to Kimberly May at kmay@acorecapital.com.

5.9**Singular/Plural.** Unless otherwise specified, all meanings attributed to defined terms herein shall be equally applicable to both the singular and plural forms of the terms so defined.

[REMAINDER OF PAGE INTENTIONALLY LEFT BLANK]

IN WITNESS WHEREOF, the parties hereto have caused this Agreement to be duly executed by their duly authorized representatives, all as of the Effective Date.

MORTGAGE BORROWER:

CP TOWER OWNER, LLC,
a Delaware limited liability company

By: CP Equity Owner, LLC, its sole member

By: NREO Special Purpose, LLC, its sole member

By: NexPoint Real Estate Opportunities, LLC, its sole member

By: NexPoint Diversified Real Estate Trust Operating Partnership, L.P., its sole member

By: NexPoint Diversified Real Estate Trust OP GP, LLC, its general partner

By: NexPoint Diversified Real Estate Trust,
its sole member

By:	/s/ James Dondero
Name:	James Dondero
Title:	President

CP LAND OWNER, LLC,
a Delaware limited liability company

By: CP Equity Land Owner, LLC, its sole member

By: NexPoint Real Estate Partners, LLC, its sole member

[Signatures Continued on Next Page]

MEZZANINE BORROWER:

CP EQUITY OWNER, LLC,
a Delaware limited liability company

By: NREO Special Purpose, LLC, its sole member

By: NexPoint Real Estate Opportunities, LLC, its sole member

By: NexPoint Diversified Real Estate Trust, its sole member

By: NexPoint Diversified Real Estate Trust Operating Partnership, L.P., its sole member

By: NexPoint Diversified Real Estate Trust OP GP, LLC,
its general partner

By:	/s/ James Dondero
Name:	James Dondero
Title:	President

CP EQUITY LAND OWNER, LLC,
a Delaware limited liability company

By: NexPoint Real Estate Partners, LLC,
its sole member

By:	/s/ James Dondero
Name:	James Dondero
Title:	Non-Member Manager

[Signatures Continued on Next Page]

GUARANTOR:

NEXPOINT DIVERSIFIED REAL ESTATE TRUST,
a Delaware statutory trust

By:	/s/ James Dondero
Name:	James Dondero
Title:	President

NEXPOINT REAL ESTATE PARTNERS, LLC,
a Delaware limited liability company

By:	/s/ James Dondero
Name:	James Dondero
Title:	Non-Member Manager

[Signatures Continued on Next Page]

<u>ADMINISTRATIVE AGENT:</u>

ACORE CAPITAL MORTGAGE, LP,
a Delaware limited partnership, in its capacity as administrative agent for and on behalf of the Lenders

By: ACORE Capital Mortgage GP, LLC, a Delaware limited liability company, its general partner

By:	/s/ Kimberly May
Name:	Kimberly May
Title:	Authorized Signatory

[Signatures Continued on Next Page]

LENDERS:

DELPHI CRE FUNDING LLC,
a Delaware limited liability company

By ACORE Capital Mo1tgage, LP, a Delaware limited partnership, its authorized agent

By: ACORE Capital Mortgage GP, LLC, a Delaware limited liability company, its general partner

By:	/s/ Kimberly May
Name:	Kimberly May
Title:	Authorized Signatory

ACORE CREDIT IV CLO ISSUER 2018-1, LLC, a Delaware limited liability company

By:	/s/ Kimberly May
Name:	Kimberly May
Title:	Authorized Signatory

[End of Signatures]

Exhibit A

Reserved

SCHEDULE 1

ADDITIONAL AFFIRMATIVE COVENANTS

Notwithstanding the anything set forth in this Agreement to the contrary, Borrower shall perform all of the below covenants, each of which is a "**Deferred Maturity Date Covenant**":

1. Continue to comply with all covenants under the Loan Agreement, except as specifically modified pursuant to this Agreement. For avoidance of doubt, except as expressly set forth in this Agreement, this Agreement does not modify or suspend any requirement under any Loan Document to pay any carrying costs associated with the Property, including, without limitation, any (a) real estate taxes, (b) insurance premiums for the Required Policies, and (c) any amounts due under the Master Lease.

SCHEDULE 2

ADDITIONAL LOAN DOCUMENT MODIFICATIONS

1. The term "Event of Default" as used in each Loan Agreement shall be expanded to include Borrower's breach of any of its covenants under this Agreement, including, without limitation, any Deferred Maturity Date Covenant. For the avoidance of doubt, Administrative Agent shall not be required to provide Obligors with notice of any such Event(s) of Default stemming from any breach of any Deferred Maturity Date Covenant or other obligation of Obligors set forth in this Agreement.

Exhibit 10.2

April 3, 2026

Highland Opportunities and Income Fund
NexPoint Diversified Real Estate Trust OP, L.P.
Highland Global Allocation Fund
NRESF REIT Sub II, LLC

Re: Participation Side Agreement – NSP Secured Promissory Note

Ladies and Gentlemen:

Reference is hereby made to (a) 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 (collectively, and as further amended, restated, supplemented or otherwise modified from time to time, the "***Note***"), made by NexPoint Storage Partners Operating Company, LLC, a Delaware limited liability company (together with the additional co-borrowers joined pursuant to the First Amendment, the "***Borrowers***"), in favor of NexPoint Real Estate Finance Operating Partnership, L.P., a Delaware limited partnership ("***NREF***"), in the original maximum principal amount of $40,000,000 (the "***Maximum Principal Amount***"), and (b) that certain Participation Agreement, dated as of March 25, 2026 (as amended, restated, supplemented or otherwise modified from time to time, the "***Participation Agreement***"), by and between NREF, as Seller, and The Ohio State Life Insurance Company ("***OSL***"), as Buyer. Capitalized terms used but not otherwise defined in this letter agreement (this "***Letter Agreement***") shall have the meanings ascribed to such terms in the Note or the Participation Agreement, as the context requires. The parties to this Letter Agreement are sometimes referred to herein individually as a "***Party***" and collectively as the "***Parties***."

Pursuant to the Participation Agreement, NREF sold to OSL an undivided participation interest in the Loan evidenced by the Note and retained the balance as the Seller Participation Interest. NREF now desires to sell, and each of Highland Opportunities and Income Fund ("***HFRO***"), NexPoint Diversified Real Estate Trust OP, L.P. ("***NXDT***"), Highland Global Allocation Fund ("***HGLB***"), and NRESF REIT Sub II, LLC ("***NRES***", and together with HFRO, NXDT and HGLB, each a "***Fund***" and collectively, the "***Funds***"), each managed or advised by NexPoint Advisors, L.P. or one of its Affiliates, desires to purchase, additional undivided participation interests carved from NREF's Seller Participation Interest, and the Parties desire to memorialize the terms of such purchases and a standing administrative allocation framework for future Advances funded by NREF under the Note, as more particularly set forth herein.

In furtherance of the foregoing and for good and valuable consideration, the receipt and sufficiency of which are hereby acknowledged, the Parties hereby agree as follows:

1. Current Purchases; Effective Date.

(a) Effective as of March 30, 2026 (the "***Effective Date***"), NREF hereby sells, and each Fund hereby purchases from NREF, an undivided participation interest in the Loan and the Loan Documents in the respective amounts set forth on Schedule 1 attached hereto (each, a "***Participation Interest***"). Each such sale constitutes a permitted Transfer under Section 8(b) of the Participation Agreement, and each Fund hereby accedes to the Participation Agreement as a "Participant" thereunder and agrees to be bound by all terms and provisions thereof applicable to a Participant as though an original signatory thereto. Purchase price for each sale shall be par in cash by wire transfer of immediately available funds on the Effective Date or promptly thereafter as the parties may mutually agree. For the avoidance of doubt, from and after the Effective Date, each Participation Interest shall be treated for all purposes as outstanding under the

Participation Agreement, including allocations of capitalized paid-in-kind interest and entitlement to distributions, in each case in accordance with Section 5 thereof.

(b) Each Fund represents and warrants to NREF that: (i) it qualifies for a permitted Transfer under Section 8(b) of the Participation Agreement; (ii) it is not an "Embargoed Person" as defined in the Participation Agreement; and (iii) this Letter Agreement constitutes its legal, valid and binding obligation, enforceable against it in accordance with its terms, subject to applicable bankruptcy and equity principles.

(c) NREF will maintain and update, from time to time, an internal register of Participants and distribution records for the Loan (including each Fund's notice and wire instructions) and will circulate to OSL updated administrative schedules for convenience as Participants and their wire instructions change. Consistent with Section 5(b) of the Participation Agreement, NREF will continue to instruct the Borrowers in writing to remit directly to OSL an amount equal to OSL's then-current Pro Rata Share of any amounts then payable in cash under the Loan Documents, with the balance remitted to NREF, and may from time to time update such written split-payment instructions to the Borrowers solely to reflect OSL's then-current Pro Rata Share and the balance to NREF, with a copy to OSL. Amounts, if any, paid by the Borrowers to NREF (rather than directly to OSL) will be distributed by NREF to the Participants in accordance with the Participation Agreement.

(d) Each sale described in this Section 1 will be effected as a permitted Transfer under Section 8(b) of the Participation Agreement and documented by an Assignment and Joinder (each, a "***Joinder***") in the form attached hereto as Exhibit A, executed by NREF and the purchasing Fund and effective as of March 30, 2026. Each Joinder will (i) accede the purchasing Fund as a "Participant" under the Participation Agreement and (ii) set forth such Fund's notice and wire instructions.

2. Standing Future-Advance Right; Initial Reference Shares; NREF Backstop.

(a) For so long as this Letter Agreement remains in effect, each Fund shall have the right, but not the obligation, to purchase from NREF up to its then-current pro rata share of any future Advance funded by NREF under the Note (as if Section 2(e) of the Participation Agreement applied to such Fund mutatis mutandis). For purposes of this Section 2(a), a Fund's "then-current pro rata share" means a fraction equal to such Fund's then-current Participation Interest divided by the Maximum Principal Amount, in each case as such amounts adjust automatically pursuant to the Participation Agreement. NREF shall fund all Advances to the Borrowers under the Note in its sole discretion as the lender of record, and no Fund shall have any right to make any Advance directly to any Borrower. NREF will retain any portion of any Advance not purchased by a Fund pursuant to this Section 2.

(b) NREF will provide at least five (5) Business Days' prior written notice to the Funds of any intended future Advance, specifying the amount and anticipated funding date thereof, and each Fund shall have three (3) Business Days from receipt of such notice to elect whether to participate and, if so, in what amount (not to exceed its then-current pro rata share). If a Fund does not respond within such three (3) Business Day period, such Fund shall be deemed to have declined to participate in such Advance. Each Fund may elect to purchase up to its then-current pro rata share of such Advance by written notice (including email) to NREF at any time before NREF finalizes allocations for that Advance; any portion not so elected shall be retained by NREF. Purchase price for any such sale shall be par in cash by wire transfer of immediately available funds on the agreed allocation date or promptly thereafter as the parties may mutually agree.

3. Miscellaneous.

(a) This Letter Agreement is an administrative arrangement among NREF and the Funds and does not amend, supplement or modify the Participation Agreement or the Loan Documents, and creates no rights, claims or defenses in favor of, or against, OSL or any Borrower. As among NREF and the Funds, the Participation Agreement controls in any conflict with this Letter Agreement. For the avoidance of doubt, OSL's rights under the Participation Agreement, including the Buyer's elective right to participate in future Advances under Section 2(e) thereof, the Unanimous Decision protections under Section 6(b) thereof, and the payment waterfall mechanics under Section 5 thereof, remain in full force and effect and are not modified hereby. For administrative clarity, the notice and election mechanics afforded to Buyer under Section 2(e) of the Participation Agreement are, as between NREF and the Funds, applied on the same Business Day cadence to each Fund pursuant to Section 2 of this Letter Agreement. Nothing herein is intended to create a partnership, joint venture, agency or other relationship creating fiduciary or quasi-fiduciary duties or similar duties and obligations or subject any Party to joint and several or vicarious liability or to impose any duty, obligation or liability that would arise therefrom with respect to any or all of the Parties or any of their respective Affiliates.

(b) Counterparts. This Letter Agreement may be executed in one or more counterparts (including by attachment to electronic mail), all of which shall be considered one and the same agreement, and shall become effective when one or more counterparts have been signed by each of the Parties hereto and delivered (including by electronic transmission) to the other Parties.

(c) Governing Law. This Letter Agreement shall be governed by and construed in accordance with the internal laws of the State of Texas without giving effect to any choice or conflict of law provision or rule (whether of such state or any other jurisdiction) that would cause the application of Applicable Law of any jurisdiction other than those of the State of Texas.

(d) WAIVER OF JURY TRIAL. EACH PARTY ACKNOWLEDGES AND AGREES THAT ANY CONTROVERSY WHICH MAY ARISE UNDER THIS LETTER AGREEMENT IS LIKELY TO INVOLVE COMPLICATED AND DIFFICULT ISSUES AND, THEREFORE, EACH SUCH PARTY IRREVOCABLY AND UNCONDITIONALLY WAIVES ANY RIGHT IT MAY HAVE TO A TRIAL BY JURY IN RESPECT OF ANY LEGAL ACTION ARISING DIRECTLY OR INDIRECTLY OUT OF OR RELATING TO THIS LETTER AGREEMENT OR THE TRANSACTIONS CONTEMPLATED HEREBY. EACH PARTY TO THIS LETTER AGREEMENT CERTIFIES AND ACKNOWLEDGES THAT (I) NO REPRESENTATIVE OF ANY OTHER PARTY HAS REPRESENTED, EXPRESSLY OR OTHERWISE, THAT SUCH OTHER PARTY WOULD NOT SEEK TO ENFORCE THE FOREGOING WAIVER IN THE EVENT OF A LEGAL ACTION, (II) SUCH PARTY HAS CONSIDERED THE IMPLICATIONS OF THIS WAIVER, (III) SUCH PARTY MAKES THIS WAIVER VOLUNTARILY, AND (IV) SUCH PARTY HAS BEEN INDUCED TO ENTER INTO THIS LETTER AGREEMENT BY, AMONG OTHER THINGS, THE MUTUAL WAIVERS AND CERTIFICATIONS IN THIS SECTION 3(D).

(e) Remedies; Specific Performance. Each Party acknowledges and agrees that an award of monetary damages for failure to comply with this Letter Agreement may not be an adequate remedy for the Party attempting to enforce such provisions and the non-breaching Party may have no adequate remedy at law. Accordingly, each Party agrees that the non-breaching Party will have the right, in addition to any other rights and remedies available at law or in equity, to enforce its rights and each other Party’s obligations under this Letter Agreement by an action or actions for specific performance and injunctive or other equitable relief as a remedy for any such breach or threatened breach, without the requirement of posting bond or other security. The non-breaching Party shall be entitled to recover its costs and expenses, including attorneys' fees, incurred in connection with any successful action brought by it to enforce the breaching Party's obligations to comply with such provisions.

(f) Entire Agreement. This Letter Agreement, together with the Participation Agreement, constitutes the entire agreement of the Parties with respect to the subject matter hereof and there are no agreements, understandings, representations or warranties between the Parties other than those set forth or referred to herein or therein. Each of the Parties has made, in consultation with its legal, financial and tax advisors, its own independent inquiry and investigation into, and based thereon has formed an independent judgment concerning the transactions contemplated by this Letter Agreement.

(g) Third-Party Beneficiaries. This Letter Agreement is made solely and specifically between and for the benefit of the Parties hereto and their respective successors and assigns. Nothing in this Letter Agreement is intended or shall be construed to confer upon or give any Person, other than the Parties, any rights or remedies under or by reason of this Letter Agreement or result in their being deemed a third-party beneficiary of this Letter Agreement.

(h) Notices. All notices and other communications to be given to any Party hereunder shall be sufficiently given for all purposes hereunder if in writing and delivered by hand, courier or overnight delivery service or three days after being mailed by certified or registered mail, return receipt requested, with appropriate postage prepaid and shall be directed to the address or email address set forth below (or at such other address or email address as such Party shall designate by like notice) or on the date sent by email (with confirmation of transmission) if sent during normal business hours of the recipient.

If to NREF:

NexPoint Real Estate Finance Operating Partnership, L.P.
300 Crescent Court, Suite 700
Dallas, Texas 75201
Attention: DC Sauter and Rob Harris

With a copy (which shall not constitute notice) to:

Winston & Strawn LLP
2121 N. McKinney Ave., Suite 900
Dallas, TX 75201
Attention: Charlie Haag; Justin Reinus

If to the Funds:

c/o NexPoint Advisors, L.P.
300 Crescent Court, Suite 700
Dallas, Texas 75201
Attention: DC Sauter and Rob Harris

(i) Successors and Assigns. This Letter Agreement shall be binding upon and inure to the benefit of the Parties and their respective successors and permitted assigns; *provided* that no Party hereto shall assign, by operation of law or otherwise, any or all of its rights or delegate any or all of its obligations under this Letter Agreement without the express written consent of the other Parties to this Letter Agreement, except in connection with a permitted Transfer of its Participation Interest under Section 8(b) of the Participation Agreement.

(j) Amendments. All amendments to this Letter Agreement must be in writing and signed by all Parties.

(k) Waivers. Any Party may, only by an instrument in writing, waive compliance by another Party with any term or provision of this Letter Agreement. The waiver by any Party of a breach of any term or provision of this Letter Agreement shall not be construed as a waiver of any subsequent breach. Except as otherwise expressly provided herein, no failure to exercise, delay in exercising or single or partial exercise of any right, power or remedy by any Party, and no course of dealing between the Parties, shall constitute a waiver of any such right, power or remedy.

(l) Severability. If any provision of this Letter Agreement shall be held invalid, illegal or unenforceable, the validity, legality or enforceability of the other provisions of this Letter Agreement shall not be affected thereby, and there shall be deemed substituted for the provision at issue a valid, legal and enforceable provision as similar as possible to the provision at issue.

(m)Interpretation. In the event an ambiguity or question of intent or interpretation arises with respect to this Letter Agreement, this Letter Agreement shall be construed as if it were drafted jointly by the Parties, and no presumption or burden of proof shall arise favoring or disfavoring any Party by virtue of the authorship of any provisions of this Letter Agreement.

(n) Further Assurances. The Parties agree that, from time to time, each of them will execute and deliver, or cause to be executed and delivered, such further agreements and instruments and take such other action as may be necessary to effectuate the provisions, purposes and intents of this Letter Agreement.

(o) Limited Recourse. Notwithstanding anything that may be expressed or implied in this Letter Agreement, or any document or instrument delivered in connection herewith, by their acceptance of the benefits of this Letter Agreement, the Parties covenant, agree and acknowledge that no Person other than the Parties hereto has any liabilities, obligations or commitments of any nature (whether known or unknown, whether due or to become due, absolute, contingent or otherwise) hereunder (in each case subject to the limitations provided herein) or in connection with the transactions contemplated hereby and that, notwithstanding that each Party or its general partner (and any assignee permitted under Section 3(i)) may be a limited partnership, limited liability company or any other entity, no Party has any right of recovery under this Letter Agreement or under any document or instrument delivered in connection herewith, against, or any claim (whether in tort, contract or otherwise) based on, in respect of, or by reason of, this Letter Agreement, the transactions contemplated hereby or in respect of any oral representation made or alleged to be made in connection herewith, against, and no personal liability whatsoever shall attach to, be imposed upon or otherwise be incurred by the former, current or future direct or indirect equity holders, controlling Persons, directors, officers, employees, agents, Affiliates (other than any assignee permitted under Section 3(i)), members, managers or general or limited partners of any of the Parties or any former, current or future stockholder, controlling Person, director, officer, employee, general or limited partner, member, manager, Affiliate (other than any assignee permitted under Section 3(i)) or agent of any of the foregoing, whether by or through attempted piercing of the corporate, limited partnership or limited liability company veil, by the enforcement of any assessment or by any legal or equitable proceeding, by virtue of any statute, regulation or Applicable Law, or otherwise.

(p) Termination. Notwithstanding anything in this Letter Agreement to the contrary, this Letter Agreement shall automatically terminate and be of no further force or effect (i) upon the unanimous written agreement of the Parties, (ii) on the date on which any Fund ceases to be managed or advised by NexPoint Advisors, L.P. or one of its Affiliates (solely as to such Fund), or (iii) upon the repayment in full of the Loan and the termination of the Participation Agreement; provided, that (A) accrued rights and obligations arising from completed purchases shall survive any such termination as necessary to give effect thereto, and (B) any breach of this Letter Agreement prior to such termination and the rights and remedies with respect to such breach will survive termination of this Letter Agreement.

(q) Construction. Unless the context otherwise requires, the singular shall include the plural, and the plural shall include the singular. References to money refer to legal currency of the United States of America. Section titles or headings are for convenience only and neither limit nor amplify the provisions of this Letter Agreement itself, and all references herein to Sections or subdivisions thereof shall refer to the corresponding article, section or subdivision thereof of this Letter Agreement unless specific reference is made to such articles, sections or subdivisions of another document or instrument. Unless the context of this Letter Agreement clearly requires otherwise, the words "include," "includes" and "including" shall be deemed to be followed by the words "without limitation," and the words "hereof," "herein," "hereunder" and similar terms in this Letter Agreement shall refer to this Letter Agreement as a whole and not any particular Section in which such words appear.

[*Signature Pages Follow*]

In acknowledgement that the foregoing correctly sets forth the understanding among the Parties, please sign in the space provided below, whereupon this Letter Agreement shall constitute a binding agreement as of the date indicated above.

Very truly yours,

NEXPOINT REAL ESTATE FINANCE OPERATING PARTNERSHIP, L.P.

By: /s/ Paul Richards
Name: Paul Richards
Title: Chief Financial Officer

[*Signature Page to Participation Letter Agreement*]

Agreed to and accepted as of the date first written above:

HIGHLAND OPPORTUNITIES AND INCOME FUND

By: /s/ Will Mabry
Name: Will Mabry
Title: Assistant Treasurer

NEXPOINT DIVERSIFIED REAL ESTATE TRUST OP, L.P.

By: /s/ Paul Richards
Name: Paul Richards
Title: Chief Financial Officer

HIGHLAND GLOBAL ALLOCATION FUND

By: /s/ Will Mabry
Name: Will Mabry
Title: Assistant Treasurer

NRESF REIT SUB II, LLC

By: /s/ Will Mabry
Name: Will Mabry
Title: Assistant Treasurer

[*Signature Page to Participation Letter Agreement*]

EXHIBIT A

FORM OF ASSIGNMENT AND JOINDER (PARTICIPATION AGREEMENT)

This Assignment and Joinder (this "***Joinder***") is entered into as of April 2, 2026 by and between NexPoint Real Estate Finance Operating Partnership, L.P. ("***Seller***") and [Purchaser] ("***Purchaser***").

Reference is made to that certain Participation Agreement, dated as of March 25, 2026 (as amended, restated, supplemented or otherwise modified from time to time, the "***Participation Agreement***"), by and between Seller and The Ohio State Life Insurance Company ("***Buyer***"). Capitalized terms used but not defined herein have the meanings ascribed to such terms in the Participation Agreement.

1. Assignment and Sale. Effective as of March 30, 2026, Seller hereby sells, assigns, transfers and conveys to Purchaser, and Purchaser hereby purchases and accepts from Seller, an undivided participation interest in the Loan and the Loan Documents in the principal amount of $__ (the "***Assigned Participation***"), together with a corresponding undivided interest in all payments, proceeds, recoveries and distributions attributable thereto from and after March 30, 2026, in each case subject to and in accordance with the Participation Agreement.

2. Joinder; Succession. Purchaser hereby accedes to the Participation Agreement as a Participant, agrees to be bound by all terms and provisions thereof applicable to a Participant, and shall have the rights and obligations of a Participant with respect to the Assigned Participation as though an original signatory thereto. Purchaser acknowledges that Seller remains the lender of record under the Loan Documents.

3. Purchaser Representations. Purchaser represents and warrants to Seller that: (a) Purchaser qualifies for a permitted Transfer under Section 8(b) of the Participation Agreement; and (b) Purchaser is not an Embargoed Person (as defined in the Participation Agreement).

4. Notices; Wires. Purchaser's notice information and wire instructions are set forth on Schedule 1 attached hereto.

5. Miscellaneous. This Joinder may be executed in counterparts (including PDF or other electronic signatures) and is governed by the laws of the State of Texas.

SELLER:

NexPoint Real Estate Finance Operating Partnership, L.P.

By: ______________________________
Name:
Title:

PURCHASER:

[Purchaser]

By: ______________________________
Name:
Title:

SCHEDULE 1 TO JOINDER

PURCHASER NOTICE AND WIRE INSTRUCTIONS

Legal name: [__]

Address: 300 Crescent Court, Suite 700, Dallas, TX 75201, Attn: DC Sauter and Rob Harris

Wire instructions: [__]

SCHEDULE 1

PARTICIPATION INTERESTS

1. HFRO: $2,500,000
2. NXDT: $962,000
3. HGLB: $1,250,000
4. NRES: $38,000

SCHEDULE 2

INITIAL REFERENCE SHARES[1]

1. HFRO: 6.25%
2. NXDT: 2.405%
3. HGLB: 3.125%
4. NRES: 0.095%

[1] Percentages shown are initial reference shares as of the Effective Date; each Fund's participation right adjusts to its then-current pro rata share under Section 2.

Exhibit 10.4

NEXPOINT DIVERSIFIED REAL ESTATE TRUST

FORM OF RESTRICTED SHARE UNITS AGREEMENT

This RESTRICTED SHARE UNITS AGREEMENT (this "***Agreement***") is made as of _____, 2026, by and between NexPoint Diversified Real Estate Trust, a Delaware statutory trust (the "***Company***"), and [●] (the "***Participant***").

1. **Certain Definitions**. Capitalized terms used, but not otherwise defined, in this Agreement will have the meanings given to such terms in the Company's 2023 Long Term Incentive Plan (as amended from time to time, the "***Plan***").

2. **Grant of RSUs**. Subject to and upon the terms, conditions and restrictions set forth in this Agreement and in the Plan, the Company has granted to the Participant as of _____, 2026 (the "***Date of Grant***") [●] Restricted Share Units ("***RSUs***"). Each RSU shall represent the right of the Participant to receive one Share.

3. **Restrictions on Transfer of RSUs**. Subject to Section 16 of the Plan, neither the RSUs evidenced hereby nor any interest therein or in the Shares underlying such RSUs shall be transferable prior to payment to the Participant pursuant to **Section 5** hereof other than (i) by transfer by the Participant for no consideration to Immediate Family Members or to a bona fide trust, partnership or other entity controlled by and for the benefit of one or more Immediate Family Members, or (ii) by will or pursuant to the laws of descent and distribution.

4. **Vesting of RSUs**.

(a) General. The RSUs covered by this Agreement shall become nonforfeitable and payable to the Participant pursuant to **Section 5** hereof ("***Vest***" or similar terms) as provided in this **Section 4(a)**. The RSUs covered by this Agreement shall Vest as follows, in each case, conditioned upon the Participant's Continuous Service through each such date (the period from the Date of Grant until the final Vesting date, the "***Vesting Period***"):

Portion of RSU Vesting	Vesting Date
1/4	1st anniversary of the Date of Grant
1/4	February 15, 2028
1/4	February 15, 2029
1/4	February 15, 2030

Any RSUs that do not so Vest will be forfeited, including, except as provided in **Section 4(b)**, **Section 4(c)** or **Section 4(d)** below, if the Participant ceases to be in Continuous Service prior to the end of the Vesting Period.

(b) Vesting due to Death or Disability. Notwithstanding **Section 4(a)** above, the RSUs shall Vest (to the extent the RSUs have not previously become Vested or been forfeited) prior to the end of the Vesting Period upon the date of Participant's termination of Continuous Service due to the Participant's death or Disability.

(c) Vesting due to a Termination without Cause. Notwithstanding **Section 4(a)** above, upon the Participant's termination of Continuous Service without Cause, the portion of the RSUs that would have Vested based on the Participant's Continuous Service in the 12-month period immediately following such termination shall Vest on the 55th day following such termination, provided that by such 55th day the Participant has (i) executed a general release of claims in a form prescribed by the Company (the "***Release***") within 21 days (or such longer number of days as is necessary to comply with applicable law) following such termination and (ii) the period of time during which the Participant could revoke the executed release has lapsed and the Release has become effective and nonrevocable. If the Release is not executed, or if it is executed but is subsequently revoked, such that no effective Release exists on the 55th day following such termination of Continuous Service without Cause, the RSUs that could have Vested shall be forfeited.

(d) Treatment on a Change in Control. Notwithstanding **Section 4(a)** above, in the event of a Change in Control that occurs prior to the end of the Vesting Period and provided that the Participant is still in Continuous Service on the date of the Change in Control, the RSUs shall Vest (to the extent the RSUs have not previously become Vested or been forfeited) or be converted into Replacement Awards eligible for accelerated vesting on a Qualifying Termination, as prescribed in Section 13 of the Plan. Provided the RSUs are exempt from Code Section 409A, the definition of Change in Control for purposes of this Agreement shall include, in addition to the events listed under the Plan, the occurrence of any of the following events:

(i) any Person becomes a Beneficial Owner (as such term is defined in the Rule 13d-3 of the General Rules and Regulations under the Exchange Act), directly or indirectly, of either (A) 50% or more of the then-outstanding general or limited partnership interests of the Adviser ("***Adviser Interests***"), (B) 50% or more of the then-outstanding membership interests of NexPoint Real Estate Advisors X GP, LLC (the "***Adviser GP***") ("***Adviser GP Interests***"), (C) 50% or more of the then outstanding general or limited partnership interests of NexPoint Advisors, L.P. (the "***Adviser Parent***") ("***Adviser Parent Interests***") or (D) 50% or more of the then-outstanding membership interests of NexPoint Advisors GP, LLC (the "***Adviser Parent GP***") ("***Adviser Parent GP Interests***"); provided, however, that for purposes of this subsection (i), the following acquisitions of Adviser Interests, Adviser GP Interests, Adviser Parent Interests or Adviser Parent GP Interests shall not constitute a Change in Control: (W) an acquisition directly from the Adviser, the Adviser GP, the Adviser Parent or the Adviser Parent GP, respectively, (X) an acquisition by the Adviser or an Adviser Affiliate, (Y) an acquisition by any employee benefit plan (or related trust) sponsored or maintained by the Adviser or any Adviser Affiliate, or (Z) an acquisition pursuant to a Non-Qualifying Transaction (as defined in subsection (ii) below);

(ii) the consummation of a reorganization, merger, consolidation, statutory share exchange or similar form of corporate transaction involving the Adviser, the Adviser GP, the Adviser Parent or the Adviser GP (an "***Adviser Reorganization***"), or the sale or other disposition of all or substantially all of the Adviser's, the Adviser GP's, the Adviser Parent's or the Adviser GP's assets (an "***Adviser Sale***") or the acquisition of assets or stock of another corporation or other entity (an "***Adviser Acquisition***"), unless immediately following such Adviser Reorganization, Adviser Sale or Adviser Acquisition: (A) all or substantially all of the individuals and entities who were the Beneficial Owners, respectively, of the Adviser Interests, Adviser GP Interests, Adviser Parent Interests or Adviser Parent GP Interests, as applicable, immediately prior to such Adviser Reorganization, Adviser Sale or Adviser Acquisition beneficially own, directly or indirectly, more than 50% of, respectively, the then outstanding equity and the combined voting power of the then outstanding voting securities entitled to vote generally, as the case may be, of the entity resulting from such Adviser Reorganization, Adviser Sale or Adviser Acquisition (including, without limitation, an entity which as a result of such transaction owns the Adviser, the Adviser GP, the Adviser Parent or the Adviser Parent GP, as applicable, or all or substantially all of the Adviser's, the Adviser GP's, the Adviser Parent's or the Adviser Parent GP's, as applicable, assets or stock either directly or through one or more subsidiaries) (the "***Adviser Surviving Entity***") in substantially the same proportions as their ownership, immediately prior to such Adviser Reorganization, Adviser Sale or Adviser Acquisition, of the outstanding Adviser Interests, Adviser GP Interests, Adviser Parent Interests or Adviser Parent GP Interests, as the case may be, and (B) no Person (other than (X) the Adviser or any Adviser Affiliate, (Y) the Adviser Surviving Entity or its ultimate parent entity, or (Z) any employee benefit plan (or related trust) sponsored or maintained by any of the foregoing) is the Beneficial Owner, directly or indirectly, of 50% or more of the total equity or 50% or more of the total voting power of the outstanding voting securities of the Adviser Surviving Entity (any Adviser Reorganization, Adviser

Sale or Adviser Acquisition which satisfies all of the criteria specified in (A) and (B) above shall be deemed to be a "***Non-Qualifying Transaction***"); or

(iii) approval by the partners or members, as applicable, of the Adviser, the Adviser GP, Adviser Parent, or the Adviser Parent GP of a complete liquidation or dissolution of the Adviser, Adviser GP, Adviser Parent or Adviser Parent GP.

5. **Form and Time of Payment of RSUs**.

(a) General. Subject to **Section 4** and **Section 5**, payment for Vested RSUs will be made in Shares within 10 days following the Vesting dates specified in **Section 4(a)**, **4(b)** and **4(c)**.

(b) Other Payment Events. Notwithstanding **Section 5(a)**, to the extent that the RSUs are Vested on the dates set forth below, payment with respect to the RSUs will be made as follows:

(i) Change in Control. Upon a Change in Control, and if no Replacement Award is granted, the Participant is entitled to receive payment for Vested RSUs in Shares on the date of the Change in Control.

(ii) Qualifying Termination Following Change in Control. With respect to Replacement Awards, within 10 days following the Participant's Qualifying Termination.

(c) Except to the extent permitted by Section 409A of the Code and the Committee, no Shares may be issued to the Participant at a time earlier than otherwise expressly provided in this Agreement.

(d) The Committee may also determine to pay for Vested RSUs in cash based on the market value of the Shares on the date of settlement. The Company's obligations to the Participant with respect to the RSUs will be satisfied in full upon the issuance of Shares corresponding to such RSUs or upon a cash payment corresponding to such RSUs.

6. **Dividend Equivalents; Other Rights**.

(a) The Participant shall have no rights of ownership in the Shares underlying the RSUs and no right to vote the Shares underlying the RSUs until the date on which the Shares underlying the RSUs are issued or transferred to the Participant pursuant to **Section 5** above.

(b) From and after the Date of Grant and until the earlier of (i) the time when the RSUs become Vested and are paid in accordance with **Section 5** hereof or (ii) the time when the Participant's right to receive Shares in payment of the

RSUs is forfeited in accordance with **Section 4** hereof, on the date that the Company pays a cash dividend (if any) to holders of Shares generally, the Participant shall be credited with cash per RSU equal to the amount of such dividend. Any amounts credited pursuant to the immediately preceding sentence shall be subject to the same applicable terms and conditions (including Vesting, payment and forfeitability) as apply to the RSUs in respect of which the dividend equivalents were credited, and such amounts shall be paid in cash at the same time as the RSUs to which they relate are paid in Shares.

(c) The obligations of the Company under this Agreement will be merely that of an unfunded and unsecured promise of the Company to deliver Shares in the future, and the rights of the Participant will be no greater than that of an unsecured general creditor. No assets of the Company will be held or set aside as security for the obligations of the Company under this Agreement.

7. **Adjustments**. The number of Shares issuable for each RSU and the other terms and conditions of the grant evidenced by this Agreement are subject to adjustment as provided in Section 12 of the Plan.

8. **Withholding Taxes**. To the extent that the Company is required to withhold federal, state, local or foreign taxes in connection with the delivery to the Participant of Shares or any other payment to the Participant or any other payment or Vesting event under this Agreement, and the amounts available to the Company for such withholding are insufficient, it shall be a condition to the obligation of the Company to make any such delivery or payment that the Participant make arrangements satisfactory to the Company for payment of the balance of such taxes required to be withheld. The Participant may elect that all or any part of such withholding requirement be satisfied by retention by the Company of a portion of the Shares to be delivered to the Participant or by delivering to the Company other Shares held by the Participant. If such election is made, the Shares so retained shall be credited against such withholding requirement at the market value of such Shares on the date of such delivery. In no event will the market value of the Shares to be withheld and/or delivered pursuant to this **Section 8** to satisfy applicable withholding taxes exceed the minimum amount of taxes required to be withheld.

9. **Compliance With Law**. The Company shall make reasonable efforts to comply with all applicable federal and state securities laws; provided, however, notwithstanding any other provision of the Plan and this Agreement, the Company shall not be obligated to issue any Shares pursuant to this Agreement if the issuance thereof would result in a violation of any such law. Notwithstanding any other provision of the Plan and this Agreement, the Company shall not be obligated to issue Shares or make any payments pursuant to this Agreement if the issuance or payment thereof could impair the Company's status as a REIT.

10. **Compliance With Section 409A of the Code**. To the extent applicable, it is intended that this Agreement and the Plan comply with or be exempt from the provisions of Section 409A of the Code. This Agreement and the Plan shall be administered in a

manner consistent with this intent, and any provision that would cause this Agreement or the Plan to fail to satisfy Section 409A of the Code shall have no force or effect until amended to comply with Section 409A of the Code (which amendment may be retroactive to the extent permitted by Section 409A of the Code and may be made by the Company without the consent of the Participant). Any reference in this Agreement to Section 409A of the Code will also include any proposed, temporary or final regulations, or any other guidance, promulgated with respect to such Section by the U.S. Department of the Treasury or the Internal Revenue Service.

11.**No Right to Future Awards or Employment**. The grant of the RSUs under this Agreement to the Participant is a voluntary, discretionary award being made on a one-time basis, and it does not constitute a commitment to make any future awards. The grant of the RSUs and any payments made hereunder will not be considered salary or other compensation for purposes of any severance pay or similar allowance, except as otherwise required by law. Nothing contained in this Agreement shall confer upon the Participant any right to be employed or remain employed by any Company Group Member, nor limit or affect in any manner the right of any Company Group Member to terminate the employment or adjust the compensation of the Participant.

12.**Relation to Other Benefits**. Any economic or other benefit to the Participant under this Agreement or the Plan shall not be taken into account in determining any benefits to which the Participant may be entitled under any profit-sharing, retirement or other benefit or compensation plan maintained by the Company Group and shall not affect the amount of any life insurance coverage in respect of the Participant under any life insurance plan covering employees of the Company Group.

13.**Amendments**. Any amendment to the Plan shall be deemed to be an amendment to this Agreement to the extent that the amendment is applicable hereto; provided, however, that (a) no amendment shall adversely affect the rights of the Participant under this Agreement without the Participant's written consent, and (b) the Participant's consent shall not be required to an amendment that is deemed necessary by the Company to ensure compliance with Section 409A of the Code or Section 10D of the Exchange Act or to prevent impairment of the Company's status as a REIT.

14.**Severability**. In the event that one or more of the provisions of this Agreement shall be invalidated for any reason by a court of competent jurisdiction, any provision so invalidated shall be deemed to be separable from the other provisions hereof, and the remaining provisions hereof shall continue to be valid and fully enforceable.

15.**Relation to Plan**. This Agreement is subject to the terms and conditions of the Plan. In the event of any inconsistency between the provisions of this Agreement and the Plan, the Plan shall govern. The Committee acting pursuant to the Plan, as constituted from time to time, shall, except as expressly provided otherwise herein or in the Plan, have the right to determine any questions which arise in connection with this Agreement.

16.**Clawback**. Any award granted under this Agreement shall be subject to any clawback or recoupment policy currently in effect or as may be adopted by the Company, in each case, as may be amended from time to time.

17.**Post-Vesting Holding Policy**. Any award granted under this Agreement shall be subject to any post-vesting holding policy currently in effect or as may be adopted by the Company, as may be amended from time to time, to the extent applicable.

18.**Electronic Delivery**. The Company may, in its sole discretion, deliver any documents related to the RSUs and the Participant's participation in the Plan, or future awards that may be granted under the Plan, by electronic means or request the Participant's consent to participate in the Plan by electronic means. The Participant hereby consents to receive such documents by electronic delivery and, if requested, agrees to participate in the Plan through an on-line or electronic system established and maintained by the Company or another third party designated by the Company.

19.**Governing Law**. This Agreement shall be governed by and construed in accordance with the internal substantive laws of the state of incorporation or formation of the Company, without giving effect to any principle of law that would result in the application of the law of any other jurisdiction.

20.**Successors and Assigns**. Without limiting **Section 3** hereof, the provisions of this Agreement shall inure to the benefit of, and be binding upon, the successors, administrators, heirs, legal representatives and assigns of the Participant, and the successors and assigns of the Company.

21.**Acknowledgement**. The Participant acknowledges that the Participant (a) has received a copy of the Plan, (b) has had an opportunity to review the terms of this Agreement and the Plan, (c) understands the terms and conditions of this Agreement and the Plan and (d) agrees to such terms and conditions.

22.**Counterparts**. This Agreement may be executed in one or more counterparts, each of which shall be deemed to be an original but all of which together will constitute one and the same agreement.

[SIGNATURES ON FOLLOWING PAGE]

NEXPOINT DIVERSIFIED REAL ESTATE TRUST

By: __ __
Name: [___]
Title: [_____]

Participant Acknowledgment and Acceptance

By: ________ __
Name:

NEXPOINT DIVERSIFIED REAL ESTATE TRUST

FORM OF RESTRICTED SHARE UNITS AGREEMENT (Trustee)

This RESTRICTED SHARE UNITS AGREEMENT (this "Agreement") is made as of ______, 2026, by and between NexPoint Diversified Real Estate Trust, a Delaware statutory trust (the "Company"), and _______ (the "Participant").

1. **Certain Definitions**. Capitalized terms used, but not otherwise defined, in this Agreement will have the meanings given to such terms in the Company's 2026 Long Term Incentive Plan (as amended from time to time, the "Plan").

2. **Grant of RSUs**. Subject to and upon the terms, conditions and restrictions set forth in this Agreement and in the Plan, the Company has granted to the Participant as of _____, 2026 (the "Date of Grant") [●] Restricted Share Units ("RSUs"). Each RSU shall represent the right of the Participant to receive one Share subject to and upon the terms and conditions of this Agreement.

3. **Restrictions on Transfer of RSUs**. Subject to Section 16 of the Plan, neither the RSUs evidenced hereby nor any interest therein or in the Shares underlying such RSUs shall be transferable prior to payment to the Participant pursuant to Section 5 hereof other than (i) by transfer by the Participant for no consideration to Immediate Family Members or to a bona fide trust, partnership or other entity controlled by and for the benefit of one or more Immediate Family Members, or (ii) by will or pursuant to the laws of descent and distribution.

4. **Vesting of RSUs**.

(a) General. The RSUs covered by this Agreement shall become nonforfeitable and payable to the Participant pursuant to Section 5 hereof ("Vest," or similar terms), on the first anniversary of the Date of Grant, conditioned upon the Participant's Continuous Service on the Board through such date (the period from the Date of Grant until the first anniversary of the Date of Grant, the "Vesting Period"). Any RSUs that do not so Vest will be forfeited, including, except as provided in Section 4(b) or Section 4(c) below, if the Participant ceases to be in Continuous Service prior to the end of the Vesting Period.

(b) Vesting due to Death or Disability. Notwithstanding Section 4(a) above, the RSUs shall Vest (to the extent the RSUs have not previously become Vested or been forfeited) prior to the end of the Vesting Period upon the date of Participant's termination of Continuous Service due to the Participant's death or Disability.

(c) Treatment on a Change in Control. Notwithstanding Section 4(a) above, in the event of a Change in Control that occurs prior to the end of the Vesting Period and provided that the Participant is still in Continuous Service on the date of the Change in Control, the RSUs shall Vest (to the extent the RSUs have not previously become Vested or been forfeited) or be converted into Replacement Awards eligible for accelerated vesting on a Qualifying Termination, as prescribed in Section 13 of the Plan.

5. **Form and Time of Payment of RSUs**.

(a) General. Payment for the RSUs, after and to the extent they have become Vested, shall be made in the form of Shares. Subject to Section 4 and Section 5, payment shall be made as soon as administratively practicable following (but no later than thirty (30) days following) the date that the RSUs become Vested pursuant to Section 4(a) and 4(b) hereof.

(b) Other Payment Events. Notwithstanding Section 5(a), to the extent that the RSUs are Vested on the dates set forth below, payment with respect to the RSUs will be made as follows:

(i) Change in Control. Upon a Change in Control, and if no Replacement Award is granted, the Participant is entitled to receive payment for Vested RSUs in Shares on the date of the Change in Control.

(ii) Qualifying Termination Following Change in Control. With respect to Replacement Awards, within 10 days following the Participant's Qualifying Termination.

(c) Except to the extent permitted by Section 409A of the Code and the Committee, no Shares may be issued to the Participant at a time earlier than otherwise expressly provided in this Agreement.

(d) The Committee may also determine to pay for Vested RSUs in cash based on the market value of the Shares on the date of settlement. The Company's obligations to the Participant with respect to the RSUs will be satisfied in full upon the issuance of Shares corresponding to such RSUs or upon a cash payment corresponding to such RSUs.

6. **Dividend Equivalents; Other Rights**.

(a) The Participant shall have no rights of ownership in the Shares underlying the RSUs and no right to vote the Shares underlying the RSUs until the date on which the Shares underlying the RSUs are issued or transferred to the Participant pursuant to Section 5 above.

(b) From and after the Date of Grant and until the earlier of (i) the time when the RSUs become Vested and are paid in accordance with Section 5 hereof or (ii) the time when the Participant's right to receive Shares in payment of the RSUs is forfeited in accordance with Section 4 hereof, on the date that the Company pays a cash dividend (if any) to holders of Shares generally, the Participant shall be credited with cash per RSU equal to the amount of such dividend. Any amounts credited pursuant to the immediately preceding sentence shall be subject to the same applicable terms and conditions (including Vesting, payment and forfeitability) as apply to the RSUs in respect of which the dividend equivalents were credited, and such amounts shall be paid in cash at the same time as the RSUs to which they relate are paid in Shares.

(c) The obligations of the Company under this Agreement will be merely that of an unfunded and unsecured promise of the Company to deliver Shares in the future, and the rights of the Participant will be no greater than that of an unsecured general creditor. No assets of the Company will be held or set aside as security for the obligations of the Company under this Agreement.

7. **Adjustments**. The number of Shares issuable for each RSU and the other terms and conditions of the grant evidenced by this Agreement are subject to adjustment as provided in Section 12 of the Plan.

8. **Taxes**. The Participant will be solely responsible for the payment of all taxes that arise with respect to the granting and payment of the RSUs, including the payment of any Shares.

9. **Compliance With Law**. The Company shall make reasonable efforts to comply with all applicable federal and state securities laws; provided, however, notwithstanding any other provision of the Plan and this Agreement, the Company shall not be obligated to issue any Shares pursuant to this Agreement if the issuance thereof would result in a violation of any such law. Notwithstanding any other provision of the Plan and this Agreement, the Company shall not be obligated to issue Shares or make any payments pursuant to this Agreement if the issuance or payment thereof could impair the Company's status as a REIT.

10. **Compliance With Section 409A of the Code**. To the extent applicable, it is intended that this Agreement and the Plan comply with or be exempt from the provisions of Section 409A of the Code. This Agreement and the Plan shall be administered in a manner consistent with this intent, and any provision that would cause this Agreement or the Plan to fail to satisfy Section 409A of the Code shall have no force or effect until amended to comply with Section 409A of the Code (which amendment may be retroactive to the extent permitted by Section 409A of the Code and may be made by the Company without the consent of the Participant). Any reference in this Agreement to Section 409A of the Code will also include any proposed, temporary or final regulations, or any other guidance, promulgated with respect to such Section by the U.S. Department of the Treasury or the Internal Revenue Service.

11. **No Right to Future Awards or Board Membership**. The grant of the RSUs under this Agreement to the Participant is a voluntary, discretionary award being made on a one-time basis, and it does not constitute a commitment to make any future awards. Nothing contained in this Agreement shall confer upon the Participant any right to continued service as a member of the Board.

12. **Amendments**. Any amendment to the Plan shall be deemed to be an amendment to this Agreement to the extent that the amendment is applicable hereto; provided, however, that (a) no amendment shall adversely affect the rights of the Participant under this Agreement without the Participant's written consent, and (b) the Participant's consent shall not be required to an amendment that is deemed necessary by the Company to ensure compliance with Section 409A of the Code or Section 10D of the Exchange Act or to prevent impairment of the Company's status as a REIT.

13. **Severability**. In the event that one or more of the provisions of this Agreement shall be invalidated for any reason by a court of competent jurisdiction, any provision so invalidated shall be deemed to be separable from the other provisions hereof, and the remaining provisions hereof shall continue to be valid and fully enforceable.

14. **Relation to Plan**. This Agreement is subject to the terms and conditions of the Plan. In the event of any inconsistency between the provisions of this Agreement and the Plan,

the Plan shall govern. The Committee acting pursuant to the Plan, as constituted from time to time, shall, except as expressly provided otherwise herein or in the Plan, have the right to determine any questions which arise in connection with this Agreement.

15.**Clawback**. Any award granted under this Agreement shall be subject to any clawback or recoupment policy currently in effect or as may be adopted by the Company, in each case, as may be amended from time to time.

16.**Electronic Delivery**. The Company may, in its sole discretion, deliver any documents related to the RSUs and the Participant's participation in the Plan, or future awards that may be granted under the Plan, by electronic means or request the Participant's consent to participate in the Plan by electronic means. The Participant hereby consents to receive such documents by electronic delivery and, if requested, agrees to participate in the Plan through an on-line or electronic system established and maintained by the Company or another third party designated by the Company.

17.**Governing Law.** This Agreement shall be governed by and construed in accordance with the internal substantive laws of the state of incorporation or formation of the Company, without giving effect to any principle of law that would result in the application of the law of any other jurisdiction.

18.**Successors and Assigns**. Without limiting Section 3 hereof, the provisions of this Agreement shall inure to the benefit of, and be binding upon, the successors, administrators, heirs, legal representatives and assigns of the Participant, and the successors and assigns of the Company.

19.**Acknowledgement**. The Participant acknowledges that the Participant (a) has received a copy of the Plan, (b) has had an opportunity to review the terms of this Agreement and the Plan, (c) understands the terms and conditions of this Agreement and the Plan and (d) agrees to such terms and conditions.

20.**Counterparts**. This Agreement may be executed in one or more counterparts, each of which shall be deemed to be an original but all of which together will constitute one and the same agreement.

[SIGNATURES ON FOLLOWING PAGE]

NEXPOINT DIVERSIFIED REAL ESTATE TRUST

By: __ __
Name:
Title:

Participant Acknowledgment and Acceptance

By: ________ __
Name:

Exhibit 10.6

NEXPOINT DIVERSIFIED REAL ESTATE TRUST

FORM OF RESTRICTED SHARE UNITS AGREEMENT

This RESTRICTED SHARE UNITS AGREEMENT (this "***Agreement***") is made as of _____, 2026, by and between NexPoint Diversified Real Estate Trust, a Delaware statutory trust (the "***Company***"), and ______ (the "***Participant***").

1. **Certain Definitions**. Capitalized terms used, but not otherwise defined, in this Agreement will have the meanings given to such terms in the Company's 2026 Long Term Incentive Plan (as amended from time to time, the "***Plan***").

2. **Grant of RSUs**. Subject to and upon the terms, conditions and restrictions set forth in this Agreement and in the Plan, the Company has granted to the Participant as of _______, 2026 (the "***Date of Grant***") [●] Restricted Share Units ("***RSUs***"). Each RSU shall represent the right of the Participant to receive one Share.

3. **Restrictions on Transfer of RSUs**. Subject to Section 16 of the Plan, neither the RSUs evidenced hereby nor any interest therein or in the Shares underlying such RSUs shall be transferable prior to payment to the Participant pursuant to **Section 5** hereof other than (i) by transfer by the Participant for no consideration to Immediate Family Members or to a bona fide trust, partnership or other entity controlled by and for the benefit of one or more Immediate Family Members, or (ii) by will or pursuant to the laws of descent and distribution.

4. **Vesting of RSUs**.

(a) General. The RSUs covered by this Agreement shall become nonforfeitable and payable to the Participant pursuant to **Section 5** hereof ("***Vest***" or similar terms) as provided in this **Section 4(a)**. The RSUs covered by this Agreement shall Vest as follows, in each case, conditioned upon the Participant's Continuous Service through each such date (the period from the Date of Grant until the final Vesting date, the "***Vesting Period***"):

Portion of RSU Vesting	Vesting Date
1/4	1st anniversary of the Date of Grant
1/4	February 15, 2028
1/4	February 15, 2029
1/4	February 15, 2030

Any RSUs that do not so Vest will be forfeited, including, except as provided in **Section 4(b)** or **Section 4(c)** below, if the Participant ceases to be in Continuous Service prior to the end of the Vesting Period.

(b) Vesting due to Death or Disability. Notwithstanding **Section 4(a)** above, the RSUs shall Vest (to the extent the RSUs have not previously become Vested or been forfeited) prior to the end of the Vesting Period upon the date of Participant's termination of Continuous Service due to the Participant's death or Disability.

(c) Treatment on a Change in Control. Notwithstanding **Section 4(a)** above, in the event of a Change in Control that occurs prior to the end of the Vesting Period and provided that the Participant is still in Continuous Service on the date of the Change in Control, the RSUs shall Vest (to the extent the RSUs have not previously become Vested or been forfeited) or be converted into Replacement Awards eligible for accelerated vesting on a Qualifying Termination, as prescribed in Section 13 of the Plan. Provided the RSUs are exempt from Code Section 409A, the definition of Change in Control for purposes of this Agreement shall include, in addition to the events listed under the Plan, the occurrence of any of the following events:

(i) any Person becomes a Beneficial Owner (as such term is defined in the Rule 13d-3 of the General Rules and Regulations under the Exchange Act), directly or indirectly, of either (A) 50% or more of the then-outstanding general or limited partnership interests of the Adviser ("***Adviser Interests***"), (B) 50% or more of the then-outstanding membership interests of NexPoint Real Estate Advisors X GP, LLC (the "***Adviser GP***") ("***Adviser GP Interests***"), (C) 50% or more of the then outstanding general or limited partnership interests of NexPoint Advisors, L.P. (the "***Adviser Parent***") ("***Adviser Parent Interests***") or (D) 50% or more of the then-outstanding membership interests of NexPoint Advisors GP, LLC (the "***Adviser Parent GP***") ("***Adviser Parent GP Interests***"); provided, however, that for purposes of this subsection (i), the following acquisitions of Adviser Interests, Adviser GP Interests, Adviser Parent Interests or Adviser Parent GP Interests shall not constitute a Change in Control: (W) an acquisition directly from the Adviser, the Adviser GP, the Adviser Parent or the Adviser Parent GP, respectively, (X) an acquisition by the Adviser or an Adviser Affiliate, (Y) an acquisition by any employee benefit plan (or related trust) sponsored or maintained by the Adviser or any Adviser Affiliate, or (Z) an acquisition pursuant to a Non-Qualifying Transaction (as defined in subsection (ii) below);

(ii) the consummation of a reorganization, merger, consolidation, statutory share exchange or similar form of corporate transaction involving the Adviser, the Adviser GP, the Adviser Parent or the Adviser GP (an "***Adviser Reorganization***"), or the sale or other disposition of all or substantially all of the Adviser's, the Adviser GP's, the Adviser Parent's or the Adviser GP's assets (an "***Adviser Sale***") or the acquisition of assets or stock of another corporation or other entity (an "***Adviser Acquisition***"), unless immediately following such Adviser Reorganization, Adviser Sale or Adviser Acquisition: (A) all or substantially all of the individuals and entities who were the Beneficial Owners, respectively, of the Adviser Interests, Adviser GP Interests, Adviser Parent Interests or Adviser Parent GP Interests, as applicable, immediately prior to such Adviser Reorganization, Adviser Sale or Adviser Acquisition beneficially own, directly or indirectly, more than 50% of, respectively, the then outstanding equity and the combined voting power of the then outstanding voting securities entitled to vote generally, as the case may be, of the entity resulting from such Adviser Reorganization, Adviser Sale or Adviser Acquisition (including, without limitation, an entity which as a result of such transaction owns the Adviser, the Adviser GP, the Adviser Parent or the Adviser Parent GP, as applicable, or all or substantially all of the Adviser's, the Adviser GP's, the Adviser Parent's or the Adviser Parent GP's, as applicable, assets or stock either directly or through one or more subsidiaries) (the "***Adviser Surviving Entity***") in substantially the same proportions as their ownership, immediately prior to such Adviser Reorganization, Adviser Sale or Adviser Acquisition, of the outstanding Adviser Interests, Adviser GP Interests, Adviser Parent Interests or Adviser Parent GP Interests, as the case may be, and (B) no Person (other than (X) the Adviser or any Adviser Affiliate, (Y) the Adviser Surviving Entity or its ultimate parent entity, or (Z) any employee benefit plan (or related trust) sponsored or maintained by any of the foregoing) is the Beneficial Owner, directly or indirectly, of 50% or more of the total equity or 50% or more of the total voting power of the outstanding voting securities of the Adviser Surviving Entity (any Adviser Reorganization, Adviser Sale or Adviser Acquisition which satisfies all of the criteria specified in (A) and (B) above shall be deemed to be a "***Non-Qualifying Transaction***"); or

(iii) approval by the partners or members, as applicable, of the Adviser, the Adviser GP, Adviser Parent, or the Adviser Parent GP of a complete liquidation or dissolution of the Adviser, Adviser GP, Adviser Parent or Adviser Parent GP.

5. **Form and Time of Payment of RSUs**.

(a) General. Subject to **Section 4** and **Section 5**, payment for Vested RSUs will be made in Shares within 10 days following the Vesting dates specified in **Section 4(a)** and **4(b)**.

(b) Other Payment Events. Notwithstanding **Section 5(a)**, to the extent that the RSUs are Vested on the dates set forth below, payment with respect to the RSUs will be made as follows:

(i) Change in Control. Upon a Change in Control, and if no Replacement Award is granted, the Participant is entitled to receive payment for Vested RSUs in Shares on the date of the Change in Control.

(ii) Qualifying Termination Following Change in Control. With respect to Replacement Awards, within 10 days following the Participant's Qualifying Termination.

(c) Except to the extent permitted by Section 409A of the Code and the Committee, no Shares may be issued to the Participant at a time earlier than otherwise expressly provided in this Agreement.

(d) The Committee may also determine to pay for Vested RSUs in cash based on the market value of the Shares on the date of settlement. The Company's obligations to the Participant with respect to the RSUs will be satisfied in full upon the issuance of Shares corresponding to such RSUs or upon a cash payment corresponding to such RSUs.

6. **Dividend Equivalents; Other Rights**.

(a) The Participant shall have no rights of ownership in the Shares underlying the RSUs and no right to vote the Shares underlying the RSUs until the date on which the Shares underlying the RSUs are issued or transferred to the Participant pursuant to **Section 5** above.

(b) From and after the Date of Grant and until the earlier of (i) the time when the RSUs become Vested and are paid in accordance with **Section 5** hereof or (ii) the time when the Participant's right to receive Shares in payment of the RSUs is forfeited in accordance with **Section 4** hereof, on the date that the Company pays a cash dividend (if any) to holders of Shares generally, the Participant shall be credited with cash per RSU equal to the amount of such dividend. Any amounts credited pursuant to the immediately preceding sentence shall be subject to the same applicable terms and conditions (including Vesting, payment and forfeitability) as apply to the RSUs in respect of which the dividend equivalents were credited, and such amounts shall be paid in cash at the same time as the RSUs to which they relate are paid in Shares.

(c) The obligations of the Company under this Agreement will be merely that of an unfunded and unsecured promise of the Company to deliver Shares in the future, and the rights of the Participant will be no greater than that of an unsecured general creditor. No assets of the Company will be held or set aside as security for the obligations of the Company under this Agreement.

7. **Adjustments**. The number of Shares issuable for each RSU and the other terms and conditions of the grant evidenced by this Agreement are subject to adjustment as provided in Section 12 of the Plan.

8. **Withholding Taxes**. To the extent that the Company is required to withhold federal, state, local or foreign taxes in connection with the delivery to the Participant of Shares or any other payment to the Participant or any other payment or Vesting event under this Agreement, and the amounts available to the Company for such withholding are insufficient, it shall be a condition to the obligation of the Company to make any such delivery or payment that the Participant make arrangements satisfactory to the Company for payment of the balance of such taxes required to be withheld. The Participant may elect that all or any part of such withholding requirement be satisfied by retention by the Company of a portion of the Shares to be delivered to the Participant or by delivering to the Company other Shares held by the Participant. If such election is made, the Shares so retained shall be credited against such withholding requirement at the market value of such Shares on the date of such delivery. In no event will the market value of the Shares to be withheld and/or delivered pursuant to this **Section 8** to satisfy applicable withholding taxes exceed the minimum amount of taxes required to be withheld.

9. **Compliance With Law**. The Company shall make reasonable efforts to comply with all applicable federal and state securities laws; provided, however, notwithstanding any other provision of the Plan and this Agreement, the Company shall not be obligated to issue any Shares pursuant to this Agreement if the issuance thereof would result in a violation of any such law. Notwithstanding any other provision of the Plan and this Agreement, the Company shall not be obligated to issue Shares or make any payments pursuant to this Agreement if the issuance or payment thereof could impair the Company’s status as a REIT.

10. **Compliance With Section 409A of the Code**. To the extent applicable, it is intended that this Agreement and the Plan comply with or be exempt from the provisions of Section 409A of the Code. This Agreement and the Plan shall be administered in a manner consistent with this intent, and any provision that would cause this Agreement or the Plan to fail to satisfy Section 409A of the Code shall have no force or effect until amended to comply with Section 409A of the Code (which amendment may be retroactive to the extent permitted by Section 409A of the Code and may be made by the Company without the consent of the Participant). Any reference in this Agreement to Section 409A of the Code will also include any proposed, temporary or final regulations, or any other guidance, promulgated with respect to such Section by the U.S. Department of the Treasury or the Internal Revenue Service.

11. **No Right to Future Awards or Employment**. The grant of the RSUs under this Agreement to the Participant is a voluntary, discretionary award being made on a one-time basis, and it does not constitute a commitment to make any future awards. The grant of the RSUs and any payments made hereunder will not be considered salary or other compensation for purposes of any severance pay or similar allowance, except as otherwise required by law. Nothing contained in this Agreement shall confer upon the Participant any right to be employed or remain employed by any Company Group

Member, nor limit or affect in any manner the right of any Company Group Member to terminate the employment or adjust the compensation of the Participant.

12. **Relation to Other Benefits**. Any economic or other benefit to the Participant under this Agreement or the Plan shall not be taken into account in determining any benefits to which the Participant may be entitled under any profit-sharing, retirement or other benefit or compensation plan maintained by the Company Group and shall not affect the amount of any life insurance coverage in respect of the Participant under any life insurance plan covering employees of the Company Group.

13. **Amendments**. Any amendment to the Plan shall be deemed to be an amendment to this Agreement to the extent that the amendment is applicable hereto; provided, however, that (a) no amendment shall adversely affect the rights of the Participant under this Agreement without the Participant's written consent, and (b) the Participant's consent shall not be required to an amendment that is deemed necessary by the Company to ensure compliance with Section 409A of the Code or Section 10D of the Exchange Act or to prevent impairment of the Company's status as a REIT.

14. **Severability**. In the event that one or more of the provisions of this Agreement shall be invalidated for any reason by a court of competent jurisdiction, any provision so invalidated shall be deemed to be separable from the other provisions hereof, and the remaining provisions hereof shall continue to be valid and fully enforceable.

15. **Relation to Plan**. This Agreement is subject to the terms and conditions of the Plan. In the event of any inconsistency between the provisions of this Agreement and the Plan, the Plan shall govern. The Committee acting pursuant to the Plan, as constituted from time to time, shall, except as expressly provided otherwise herein or in the Plan, have the right to determine any questions which arise in connection with this Agreement.

16. **Clawback**. Any award granted under this Agreement shall be subject to any clawback or recoupment policy currently in effect or as may be adopted by the Company, in each case, as may be amended from time to time.

17. **Post-Vesting Holding Policy**. Any award granted under this Agreement shall be subject to any post-vesting holding policy currently in effect or as may be adopted by the Company, as may be amended from time to time, to the extent applicable.

18. **Electronic Delivery**. The Company may, in its sole discretion, deliver any documents related to the RSUs and the Participant's participation in the Plan, or future awards that may be granted under the Plan, by electronic means or request the Participant's consent to participate in the Plan by electronic means. The Participant hereby consents to receive such documents by electronic delivery and, if requested, agrees to participate in the Plan through an on-line or electronic system established and maintained by the Company or another third party designated by the Company.

19. **Governing Law**. This Agreement shall be governed by and construed in accordance with the internal substantive laws of the state of incorporation or formation of

the Company, without giving effect to any principle of law that would result in the application of the law of any other jurisdiction.

20.**Successors and Assigns**. Without limiting **Section 3** hereof, the provisions of this Agreement shall inure to the benefit of, and be binding upon, the successors, administrators, heirs, legal representatives and assigns of the Participant, and the successors and assigns of the Company.

21.**Acknowledgement**. The Participant acknowledges that the Participant (a) has received a copy of the Plan, (b) has had an opportunity to review the terms of this Agreement and the Plan, (c) understands the terms and conditions of this Agreement and the Plan and (d) agrees to such terms and conditions.

22.**Counterparts**. This Agreement may be executed in one or more counterparts, each of which shall be deemed to be an original but all of which together will constitute one and the same agreement.

[SIGNATURES ON FOLLOWING PAGE]

NEXPOINT DIVERSIFIED REAL ESTATE TRUST

By: __ __
Name: [___]
Title: [____]

Participant Acknowledgment and Acceptance

By: ________ __
Name:

Exhibit 31.1

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: August 14, 2026

/s/ Jim Dondero

Jim Dondero
President
(Principal Executive Officer)

Exhibit 31.2

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: August 14, 2026

/s/ Paul Richards

Paul Richards

Chief Financial Officer, Executive VP-
Finance, Treasurer and Assistant Secretary

(Principal Financial Officer)

Exhibit 32.1

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 June 30, 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: August 14, 2026

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

Dated: August 14, 2026

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