Investor Presentation

NEXPOINT

REAL ESTATE FINANCE

CAUTIONARY STATEMENTS

FORWARD LOOKING STATEMENTS

This presentation includes forward-looking statements. These statements reflect the current views of the Company's management with respect to future events and financial performance. These statements include forward-looking statements with respect to the Company's business and industry, levered IRRs / yields, illustrative initial portfolio yield metrics, CMBS B-Piece repurchase agreements, expected levered yield for the SFR portfolio, expected availability, terms and pricing of financing, estimated 2020 (year 1) and 2021 net income yield, estimated fully invested run-rate net income yield, and pro forma capitalization and the related assumptions relating to these forward looking statements. Statements that include the words "expect," "intend," "estimate," "may," "should," "anticipate", "projected", "plans" and similar statements of a future or forward-looking nature identify forward-looking statements. Forward-looking statements address matters that involve risks and uncertainties. Accordingly, there are or will be important factors that could cause the Company's actual results to differ materially from those indicated in these statements. For a discussion of the factors that could change these forward-looking statements, see the Company's Registration Statement on Form S-11 filed with the SEC. The statements made herein speak only as of the date of this presentation and the Company does not undertake to update this information except as required by law. Past performance does not guarantee future results. Performance during time periods shown is limited and may not reflect the performance in different economic and market cycles. There can be no assurance that similar performance will be experienced.

NON-GAAP FINANCIAL MEASURES

This presentation contains non-GAAP financial measures. A "non-GAAP financial measure" is defined as a numerical measure of a company's financial performance that excludes or includes amounts so as to be different than the most directly comparable measure calculated and presented in accordance with GAAP in the statements of income, balance sheets or statements of cash flows of the Company. The non-GAAP financial measure used within this presentation is net debt. Net debt is calculated by subtracting cash and cash equivalents from total debt outstanding. We believe that the use of net debt improves the understanding of debt levels of Real Estate Investment Trusts ("REIT") among investors and makes comparisons of debt levels among such companies more meaningful. While net debt is relevant and a widely used measure of debt levels of REITs, it does not represent total debt as defined by GAAP and should not be considered an alternative in evaluating debt levels. We present net debt because we believe it provides our investors a better understanding of our leverage ratio. Net debt should not be considered an alternative to total debt, as we may not always be able to use our available cash to repay debt. Our computation of net debt may not be comparable to net debt reported by other REITs.

NEXPOINT REAL ESTATE ADVISORS

SPONSOR WITH 25+ YEARS OF EXPERIENCE MANAGING DEBT AND CREDIT RELATED INVESTMENTS AND AN EXTENSIVE RELATIONSHIP NETWORK

Overview



NREF's Sponsor, an SEC-registered investment advisor, has extensive real estate experience, having completed approximately $9.6 billion of gross real estate transactions since the beginning of 2012 (1)



One of the most experienced global alternative credit managers, managing with its affiliates approximately $13.3 billion of loans and debt or credit related investments



Members of Sponsor's investment team have an average of 15 years of investment experience with leading institutions and investors



Real estate team includes 22 individuals (1) and has completed over 160 transactions since 2012



Sponsor has made investments with over 75 real estate operators and has a network of local, regional and national partners

Selected Experience

- NexPoint Residential Trust (NYSE:NXRT) – Multifamily
- VineBrook Homes Trust – Single-Family Rental
- SAFSTOR – Self-Storage Development
- NexPoint Hospitality Trust (TSXV:NHT) - Hospitality
- Office:
  - Cityplace – Dallas, TX ($203 million purchase price)
  - Electronic Data Systems office complex – Dallas, TX ($135 million purchase price)

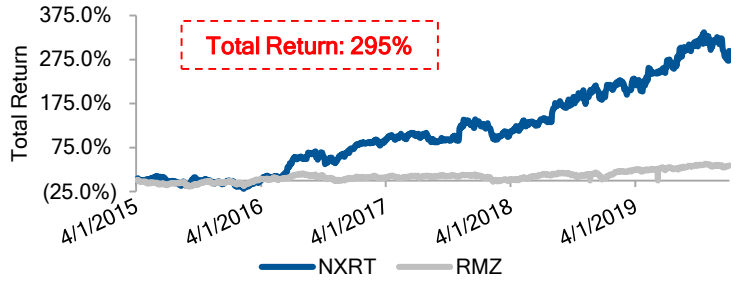
45 realized real estate investments (2) with a total return of **$590 million** resulting in a combined **1.89x** multiple on invested capital and **31.5%** gross IRR

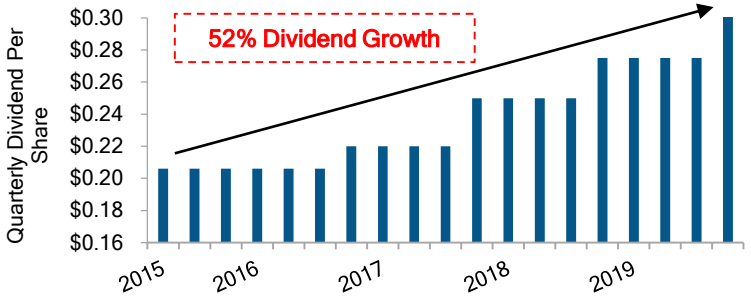
NOTE: AS OF SEPTEMBER 30, 2019 UNLESS OTHERWISE NOTED.
(1) AS OF DECEMBER 31, 2019.
(2) REAL ESTATE ASSETS ACQUIRED SINCE JANUARY 1, 2012, INCLUSIVE OF AFFILIATES. REALIZED INVESTMENTS REPRESENTS INVESTMENTS IN REAL ESTATE THAT SPONSOR-MANAGED VEHICLE NO LONGER OWNS.

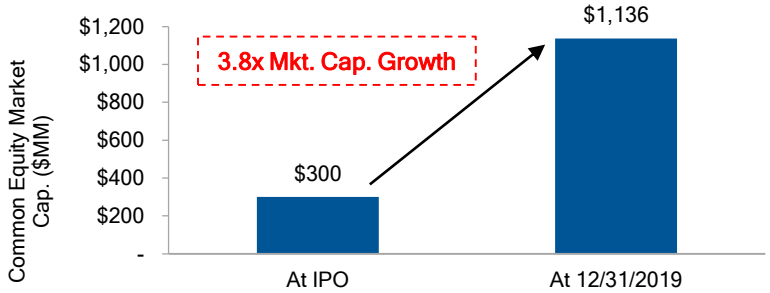
SPONSOR'S PUBLIC MARKET SUCCESS STORY

NexPoint Residential Trust, Inc. (NYSE: NXRT) – ~$2.5 Billion [1] Multifamily REIT

FEE-CONSCIOUS, RESPONSIBLE CAPITAL ALLOCATORS







- **Total Return**: 295% since listing outperforming the RMZ index by over 260% during the same time frame [2][3]
- **Dividend Growth**: 52% cumulative quarterly dividend growth rate since listing [2]
- **Organic Growth**: Grown NXRT's market cap nearly 4-fold to over $1.1 billion, only issuing an aggregate of ~$161 million of equity [4]
- **Fee-Conscious:** Waived a significant portion of its contractual advisory fee since 2015 to maintain a lower G&A profile
- **NOI Growth:** Average quarterly same-store NOI growth over the last four years more than double the peer average [5]

(1) ENTERPRISE VALUE AS OF DECEMBER 31, 2019.
(2) SINCE LISTING ON APRIL 1, 2015 THROUGH DECEMBER 31, 2019.
(3) SOURCE: S&P GLOBAL MARKET INTELLIGENCE AS OF DECEMBER 31, 2019; TOTAL RETURN TO STOCKHOLDERS ASSUMES THE REINVESTMENT OF ALL CASH DIVIDENDS PAID ON COMMON STOCK IN ADDITIONAL SHARES OF COMMON STOCK.
(4) SINCE LISTING ON APRIL 1, 2015 THROUGH DECEMBER 31, 2019.
(5) PEERS INCLUDE AIV, CPT, IRT AND MAA.

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ABOUT NEXPOINT REAL ESTATE FINANCE

COMMERCIAL MORTGAGE REIT PROVIDING ACCESS TO NEXPOINT - ORIGINATED INVESTMENTS

COMPANY OVERVIEW

- NexPoint Real Estate Finance is a newly formed commercial mortgage REIT focused on originating, structuring and investing in first mortgage loans, mezzanine loans, preferred equity, alternative structured financings in commercial real estate properties and multifamily commercial mortgage backed securities

INITIAL PORTFOLIO

0% Construction

0% Transitional

0% Land

0% For Sale

TARGET INVESTMENT CRITERIA



Attractive Risk-Adjusted Returns



Stabilized or Light Transitional Business Plan with Positive DSCRs



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



Top 50 MSAs



High-Quality Borrowers / Operators

NEXPOINT REAL ESTATE FINANCE

INVESTMENT HIGHLIGHTS

HIGH QUALITY CREDIT

- 99.7% of the investments collateralized by stabilized properties with 92% occupancy (1)
- Portfolio-wide weighted average DSCR of 1.8x (1)
- Weighted average loan-to-value ("LTV") of 66.9% (1)
- 8.1 weighted average years (1) to maturity with associated leverage that is matched in term and structure, providing earnings stability

EXPERIENCED AND ALIGNED MANAGEMENT TEAM

- Senior management team with significant experience across real estate investing and private lending
- Sponsor's real estate team includes 22 individuals and has completed over 160 transactions totaling approximately $9.6 billion of real estate value since 2012 through December 31, 2019
- Approximately 7.0% (2) ownership by management supports long-term alignment of interests
- Shareholder-friendly Management Agreement with no incentive fee, no fee applied to contributed equity and G&A + Management Fee cap at 2.5% of equity
- Management team took NexPoint Residential Trust (NYSE: NXRT) public in 2015
- NXRT has been one of the top performing REITs in the RMZ over the last three years (3) and has delivered a 295% total return (4) to shareholders since listing in 2015 through December 31, 2019

ACCESS TO SPONSOR'S REAL ESTATE PLATFORM

- Sponsor, together with its affiliates, manages $13.3 billion of loans and debt or credit related investments and $7.3 billion of real estate related investments as of September 30, 2019
- Existing network of local, regional and national operating partners and have made investments with over 75 real estate sponsors
- Select Sponsor with Freddie Mac

TARGET ATTRACTIVE PROPERTY SECTORS WHERE SPONSOR HAS OPERATING CAPABILITIES

- Primary target property sectors include multifamily, single-family rental, and self-storage, all asset classes with attractive fundamentals, as well as hospitality and office
- The Sponsor and its affiliates have invested or loaned approximately $9.9 billion (5) in the target property sectors
- Affiliated operating platforms provide real-time market knowledge and support in all property types

(1) AS OF DECEMBER 31, 2019. THESE METRICS DO NOT REFLECT THE ALTERNATIVE STRUCTURED FINANCING INVESTMENT.
(2) ON A FULLY DILUTED BASIS AFTER GIVING EFFECT TO THE FORMATION TRANSACTION AND IPO. THE SPONSOR AND ITS AFFILIATES PURCHASED 210,515 SHARES IN THE IPO.
(3) SOURCE: BLOOMBERG.
(4) SOURCE: S&P GLOBAL MARKET INTELLIGENCE AS OF DECEMBER 31, 2019; TOTAL RETURN TO STOCKHOLDERS ASSUMES THE REINVESTMENT OF ALL CASH DIVIDENDS PAID ON COMMON STOCK IN ADDITIONAL SHARES OF COMMON STOCK.
(5) INCLUDES THE GROSS REAL ESTATE VALUE OF INVESTMENTS AND OUTSTANDING NEXBANK LOANS AS OF DECEMBER 31, 2019 IN TARGET PROPERTY SECTORS.

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INITIAL PORTFOLIO SUMMARY

DIFFERENTIATED INITIAL PORTFOLIO WITH SUPERIOR CREDIT STRENGTH

Number of Investments	34
Carrying Value	$1.1 billion
Weighted Average All-in Rate (1)	5.7%
Weighted Average Remaining Term	8.1 years



99.7%
% of Portfolio Stabilized



92%
Weighted Average Occupancy



66.9%
Weighted Average LTV



1.8x
Weighted Average DSCR

NOTE: AS OF DECEMBER 31, 2019. PORTFOLIO STABILIZED PERCENTAGE, OCCUPANCY, LTV, DSCR AND REMAINING TERM SHOWN DO NOT REFLECT THE ALTERNATIVE STRUCTURED FINANCING INVESTMENT.
(1) ALL-IN RATE IS CALCULATED AS THE INTEREST RATE PLUS THE PIK / OTHER RATE.

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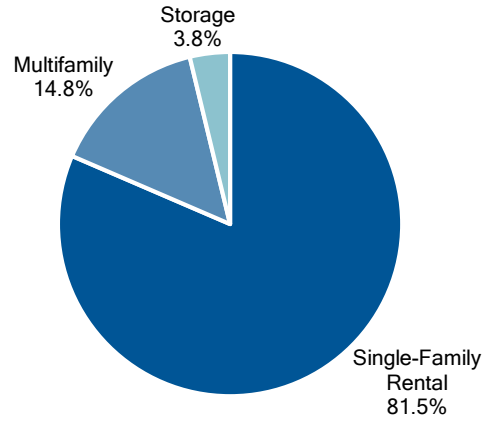
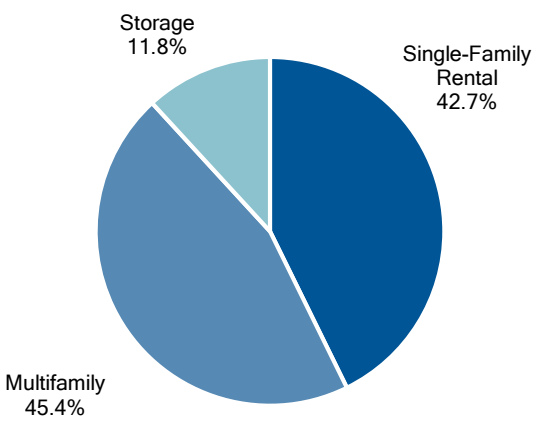
INITIAL PORTFOLIO – PROPERTY TYPE AND GEOGRAPHY

Property

% of Unpaid Principal Balance



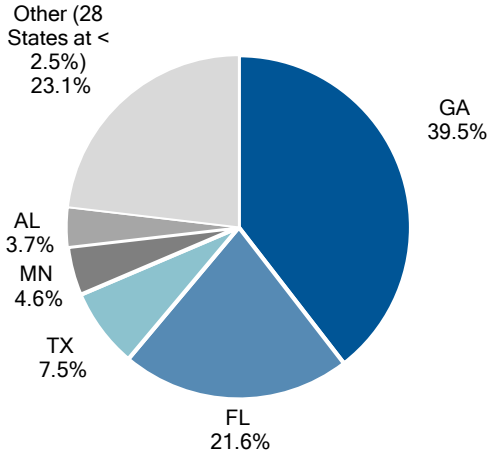
% of Total Net Equity



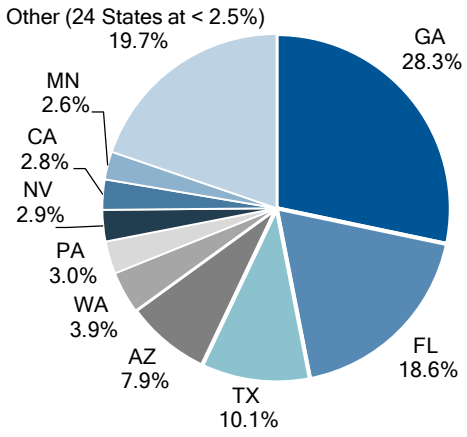
- Increasing numbers of household formations and decreasing homeownership rates support strong supply and demand fundamentals for SFR and multifamily property sectors
- Self-storage boasts core-like cash flows and "manageable" operating risks, delivering attractive returns with lower volatility

Geography (1)

% of Unpaid Principal Balance



% of Total Net Equity



- Underlying properties are primarily located in the Southeast and Southwest U.S.
- The Southeast and Southwest has experienced growth within every economic driver in the region, including in-migration, tourism, technology, manufacturing and logistics

NOTE: AS OF DECEMBER 31, 2019.
(1) THE GEOGRAPHY CHARTS DO NOT REFLECT THE ALTERNATIVE STRUCTURED FINANCING INVESTMENT.

NEXPOINT
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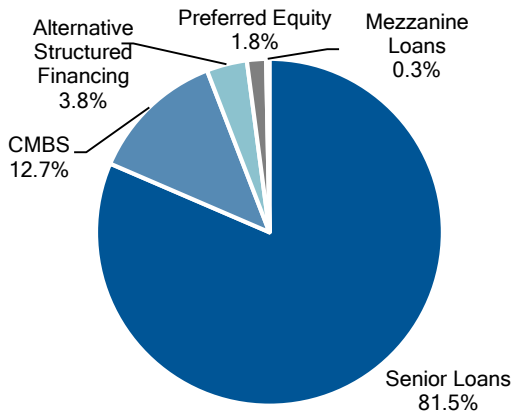
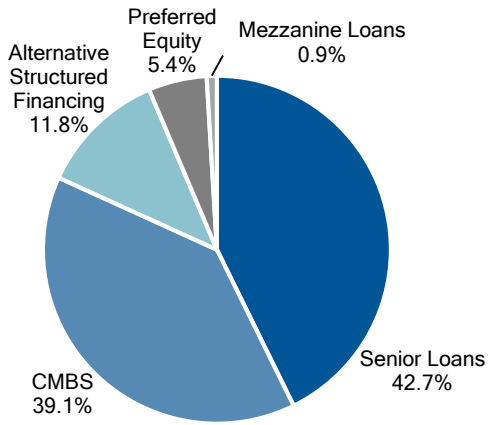
INITIAL PORTFOLIO – INVESTMENT TYPE

Investment Structure

% of Unpaid Principal Balance



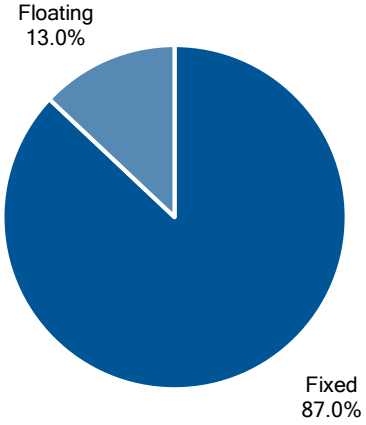
% of Total Net Equity



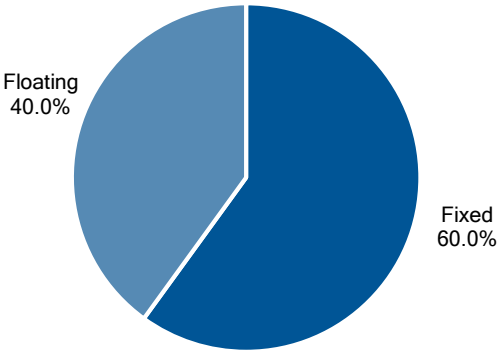
- Initial Portfolio UPB largely comprised of senior loans, which are secured by first priority mortgage liens on real estate properties
- CMBS B-Pieces are part of a highly sought-after Freddie Mac securitization program with attractive yields at low leverage

Interest Rate

% of Unpaid Principal Balance



% of Total Net Equity



- Fixed interest rates protect the Company from fluctuations in market interest rates that may occur over the lifetime of the portfolio
- Leverage terms and interest rate type matched to existing loan, locking in the spread at the time of investment

NOTE: AS OF DECEMBER 31, 2019.

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REAL ESTATE FINANCE

INITIAL PORTFOLIO BY INVESTMENT TYPE

$ in 000s

	CARRYING VALUE	NET EQUITY	INTEREST RATE (1)	PIK / OTHER RATE	ALL-IN RATE (2)	YEARS TO MATURITY	LTV (3)
Senior Loans	$935,295	$146,352	4.9%	-	4.9%	8.4	67.0%
CMBS	133,835	133,835	7.8%	-	7.8%	6.5	65.1%
Mezzanine Loan (4)	3,221	3,221	8.0%	5.8%	13.8%	2.1	73.4%
Preferred Equity	18,623	18,623	8.9%	3.7%	12.5%	5.6	77.1%
Alternative Structured Financing	40,507	40,507	7.0%	6.4%	13.4%	NA	NA
Total / Wtd. Avg.	**$1,131,481**	**$342,538**	**5.4%**	**0.3%**	**5.7%**	**8.1**	**66.9%**

NOTE: AS OF DECEMBER 31, 2019.
(1) INTEREST INCOME CALCULATED USING UNDERLYING PRINCIPAL BALANCE.
(2) ALL-IN RATE IS CALCULATED AS THE RATE PLUS THE PIK / OTHER RATE. THE ALL-IN RATE FOR THE CMBS INVESTMENTS IS BASED ON ONE-MONTH LIBOR OF 1.8% AS OF DECEMBER 31, 2019 PLUS A SPREAD OVER THE INDEX INTEREST OF 6.0%.
(3) LTV IS GENERALLY BASED ON THE INITIAL FIRST MORTGAGE LOAN AMOUNT PLUS THE PREFERRED EQUITY OR MEZZANINE LOAN INVESTMENT, IF ANY, DIVIDED BY THE AS-IS APPRAISED VALUE AS OF THE DATE THE INVESTMENT WAS ORIGINATED OR BY THE CURRENT PRINCIPAL AMOUNT AS OF THE DATE OF THE MOST RECENT AS-IS APPRAISED VALUE.
(4) INTEREST INCOME FOR THE MEZZANINE LOAN IS CALCULATED USING THE DECEMBER 31, 2019 WSJ PRIME OF 4.8% PLUS A SPREAD OVER THE INDEX OF 9.0%. A FIXED MINIMUM RATE OF 8.0% IS PAID IN CASH ON A MONTHLY BASIS. THE DIFFERENCE BETWEEN THE 8.0% MINIMUM MONTHLY PAYMENT AND THE 13.8% STATED RATE IS ACCRUED AS PAID-IN-KIND (PIK) INTEREST AND IS COMPOUNDED ON A MONTHLY BASIS. ACCRUED PIK IS TO BE PAID AT MATURITY.

NEXPOINT REAL ESTATE FINANCE

ILLUSTRATIVE INITIAL PORTFOLIO YIELD METRICS

INITIAL PORTFOLIO WITH ~12% LEVERED YIELD / IRR

$ in 000s

	SFR LOANS	CMBS [1]	MEZZANINE LOAN	PREFERRED EQUITY	ALTERNATIVE STRUCTURED FINANCING	TOTAL INITIAL PORTFOLIO
BALANCE SHEET METRICS						
Carrying Value	$935,295	$133,835	$3,221	$18,623	$40,507	$1,131,481
Debt						
Notes	$788,943	-	-	-	-	$788,943
Repurchase Agreements	-	100,709	-	-	-	100,709
Total Debt	$788,943	$100,709	-	-	-	$889,652
Implied Book Value of Equity	$146,352	$33,125	$3,221	$18,623	$40,507	$241,829
INCOME STATEMENT METRICS						
Interest Income [2]	$33,558	$10,423	$461	$2,411	$5,028	$51,881
Less: Interest Expense	(19,269)	(3,231)	-	-	-	(22,500)
Net Interest Income	$14,289	$7,192	$461	$2,411	$5,028	$29,381
Less: Loan Servicing Fees	(4,719)	-	-	-	-	(4,719)
Net Investment Cash Flow	$9,570	$7,192	$461	$2,411	$5,028	$24,662
Unlevered Yield	3.6%	7.8%	14.3%	12.9%	12.4%	4.6%
Levered Yield / IRR	8.7% [3]	21.7%	14.3%	12.9%	12.4%	11.5%

(1) ASSUMES NREF CAN ENTER INTO REPURCHASE AGREEMENTS FOR THE CMBS B-PIECE INVESTMENTS. SIZE OF THE FACILITY REPRESENTS 75% LEVERAGE ON THE CONTRIBUTED CMBS B-PIECES.

(2) INTEREST INCOME IS ADJUSTED FOR THE AMORTIZATION OF THE PREMIUM OR DISCOUNT TO UNPAID PRINCIPAL BALANCE INCLUDED IN THE CARRYING VALUE OF THE SFR LOANS, MEZZANINE LOAN, PREFERRED EQUITY INVESTMENTS, AND ALTERNATIVE STRUCTURED FINANCING INVESTMENT. AMORTIZATION IS CALCULATED USING THE STRAIGHT-LINE METHOD OVER THE LIFE OF EACH INVESTMENT. MATURITY DATE FOR THE ALTERNATIVE STRUCTURED FINANCING INVESTMENT IS ASSUMED TO BE THE FIRST DATE THE INVESTMENT IS REDEEMABLE.

(3) ACTUAL LEVERED YIELD FOR THE SFR PORTFOLIO IS EXPECTED TO BE 6.5%. LEVERED IRR IS CALCULATED BASED ON FUTURE CASH FLOWS.

NEXPOINT REAL ESTATE FINANCE

EXPECTED FINANCING OVERVIEW

87% FIXED RATE INVESTMENTS

+

MATCHED TERM DEBT

+

MATCHED INTEREST RATE STRUCTURE

=

EARNINGS STABILITY

SUMMARY OF FINANCING

	UPB	Fixed / Floating	Wtd. Avg. Interest Rate	Wtd. Avg. Years to Maturity
Secured Credit Facility	$788.9 MM	Fixed	2.4%	8.4
$100MM Repo Facility (1)	-	Floating	3M LIBOR + 1.30%	NA (2)

MATCHED LEVERAGE TERMS

	Leverage Type	Underlying Investment	
	Secured Credit Facility	*Senior Loans*	
Fixed / Floating Rate	Fixed	Fixed	✓
Interest Rate	2.4%	4.9%	*2.5% spread*
Wtd. Avg. Years to Maturity	8.4	8.4	✓
	Repo Facility	*CMBS B-Piece*	
Fixed / Floating Rate	Floating	Floating	✓
Interest Rate (3)	3M LIBOR + 1.30%	1M LIBOR + 6.00%	*4.6% spread*

(1) ASSUMES NREF CAN ENTER INTO REPURCHASE AGREEMENTS FOR THE CMBS B-PIECES. SIZE OF THE FACILITY REPRESENTS 75% LEVERAGE ON THE CONTRIBUTED CMBS B-PIECES.
(2) REPURCHASE FACILITIES TYPICALLY MATURE EVERY THREE MONTHS AND ARE TYPICALLY RENEWED AT THAT TIME.
(3) SPREAD CALCULATED USING 3M LIBOR OF 1.91% AND 1M LIBOR OF 1.76% AS OF DECEMBER 31, 2019.

NEXPOINT REAL ESTATE FINANCE

NREF VS. TYPICAL COMMERCIAL MORTGAGE REIT

NEXPOINT REAL ESTATE FINANCE		ILLUSTRATIVE COMMERCIAL MORTGAGE REIT
Stabilized properties	⟷	Transitional properties
87.0% of portfolio is fixed rate with a weighted average maturity of 8.3 years (1) and matched liabilities to lock in spread	⟷	Short term investments / primarily floating rate assets and liabilities
Focus on resilient property types: SFR, multifamily, self-storage	⟷	Broad property types, including office, retail, for sale residential
100% cash flow-producing assets: 0% construction, land or for sale residential	⟷	Construction, pre-development, for sale residential and heavy transitional properties included in portfolio of loans

(1) REPRESENTS WEIGHTED AVERAGE YEARS TO MATURITY FOR FIXED RATE INVESTMENTS.

NEXPOINT REAL ESTATE FINANCE

NREF VS. TYPICAL EQUITY REIT

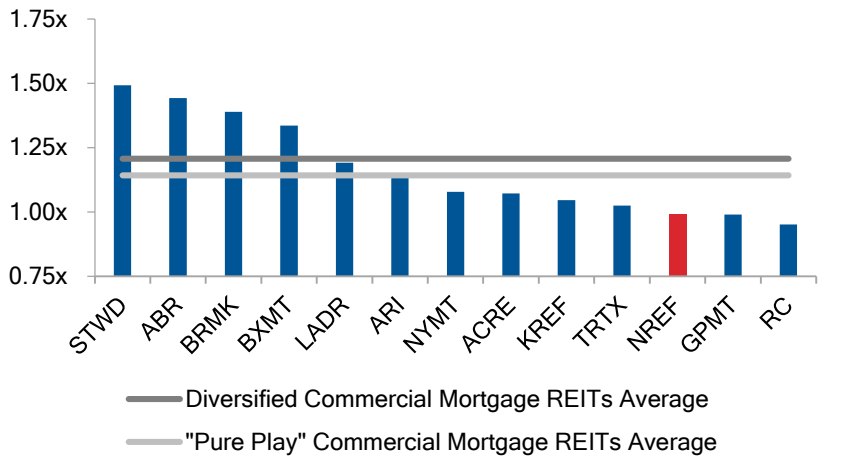
NEXPOINT REAL ESTATE FINANCE		ILLUSTRATIVE EQUITY REIT (Multi/SFR/Storage)
67% weighted average LTV at the property level (33% cushion)	⟷	100% "of V" at the property level
Total return of 8-9%+ with ~100% in current pay	⟷	Total return of 9% (2) with 30% in current pay and remainder reliant on terminal value
Long duration cash flows: 67% of net interest income derived from fixed rate investments and matched term liabilities with a weighted average maturity of 8.3 years (1)	⟷	Short duration cash flows: Assets with remaining lease terms of less than ~1 year

NOTE: ILLUSTRATIVE EQUITY REIT REPRESENTS A COMPOSITE OF SINGLE-FAMILY RENTAL, MULTIFAMILY, AND SELF-STORAGE EQUITY REITS.
(1) REPRESENTS WEIGHTED AVERAGE YEARS TO MATURITY FOR FIXED RATE INVESTMENTS.
(2) SUM OF THE WEIGHTED AVERAGE DIVIDEND YIELD PER GREEN STREET ADVISORS AND WEIGHTED AVERAGE ANNUAL AFFO GROWTH PER SNL GLOBAL MARKET INTELLIGENCE 2020, 2021, AND 2022 CONSENSUS ESTIMATES. AVERAGES WEIGHTED BY NREF'S PERCENTAGE OF NET EQUITY IN EACH SECTOR. COMPRISED OF 3% DIVIDEND YIELD (CURRENT PAY) AND 6% AFFO GROWTH.

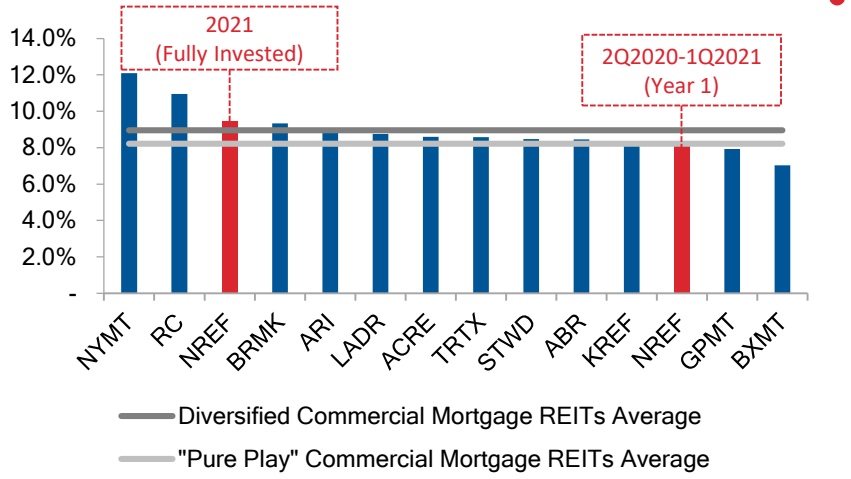
NEXPOINT REAL ESTATE FINANCE

NREF COMPARISON TO COMMERCIAL MORTGAGE REITS

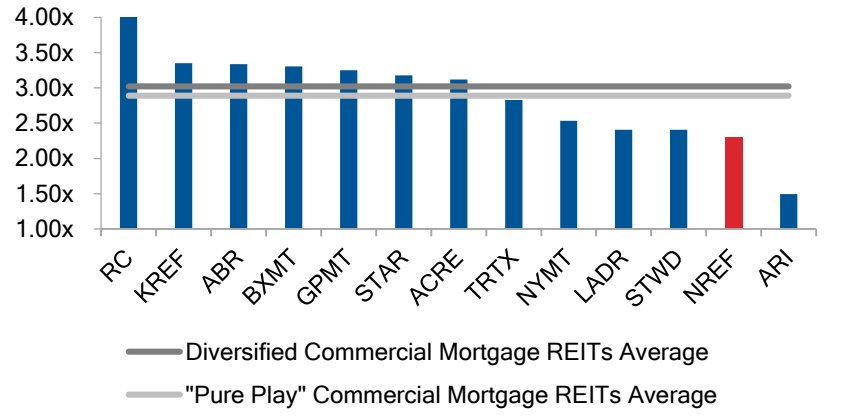
Price / Book (1)



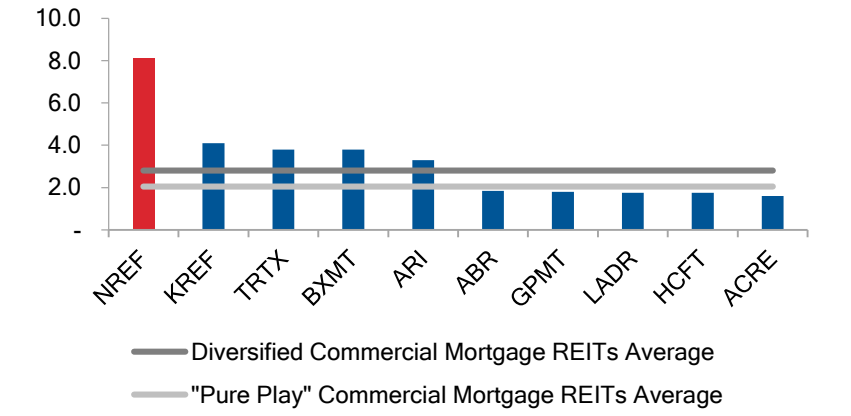
2020E Net Income Yield



Net Debt / Book Value (2)



Years to Maturity (3)



SOURCE: S&P GLOBAL MARKET INTELLIGENCE.
NOTE: PRICE DATA AS OF DECEMBER 31, 2019 AND COMPANY DATA AS OF MOST RECENT QUARTER AVAILABLE. ESTIMATES ARE STREET CONSENSUS PER S&P GLOBAL MARKET INTELLIGENCE.
(1) BOOK VALUE PER MOST RECENTLY REPORTED QUARTER. LADR BOOK VALUE PER SHARE REPRESENTS AS REPORTED UNDEPRECIATED BOOK VALUES AS OF THE MOST RECENT QUARTER. BRMK BOOK VALUE PER RAYMOND JAMES RESEARCH. NREF METRIC IS POST-IPO.
(2) BRMK EXCLUDED FROM ANALYSIS AS ITS NET DEBT IS $0. NREF METRIC IS POST-IPO. SEE PAGE 22 FOR A RECONCILIATION OF NET DEBT TO TOTAL DEBT.
(3) BRMK, XAN, NYMT, RC AND STWD EXCLUDED FROM ANALYSIS AS THEY DO NOT REPORT THIS METRIC.

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ALIGNED AND EXPERIENCED MANAGEMENT TEAM

MANAGEMENT OWNERSHIP OF 7.0% OR $24 MILLION OF NREF (1)



James Dondero, President and Director

- Mr. Dondero serves as the Company's President and as a director.
- He is also the founder and president of NexPoint Advisors, L.P. and chairman of NexBank SSB.
- Mr. Dondero has over 30 years of experience investing in credit and equity markets and has helped pioneer credit asset classes.



Brian Mitts, Chief Financial Officer

- Mr. Mitts serves as the Company's Chief Financial Officer, Executive Vice President – Finance, Secretary and Treasurer.
- His primary responsibilities are to manage all aspects of capital markets, financing, financial reporting and accounting for NREF.
- Mr. Mitts has led business development for NexPoint and its subsidiaries since June 2016.



Matt McGraner, Chief Investment Officer

- Mr. McGraner serves as the Company's Chief Investment Officer and Executive Vice President.
- His primary responsibilities are to lead the operations of the real estate platform at NexPoint, as well as source and execute investments and manage risk.
- Mr. McGraner has led the acquisition and financing of over $9.6 billion of real estate investments since joining NexPoint in 2013.



Matthew Goetz, Senior Vice President – Investments and Asset Management

- Mr. Goetz serves as the Company's Senior Vice President – Investments and Asset Management.
- His primary responsibilities are to asset manage, source acquisitions, manage risk and develop potential business opportunities, including fundraising, private investments and joint ventures.
- Mr. Goetz has over 10 years of real estate, private equity and equity trading experience.

(1) ON A FULLY DILUTED BASIS AFTER GIVING EFFECT TO THE FORMATION TRANSACTION AND IPO. THE SPONSOR AND ITS AFFILIATES PURCHASED 210,515 SHARES IN THE IPO. ASSUMES OP UNITS ARE REDEEMED FOR SHARES OF THE COMPANY'S COMMON STOCK AT THE $19 IPO SHARE PRICE.

RESPECTED AND INDEPENDENT BOARD

BOARD OF DIRECTORS

James Dondero

President and Director

NEXPOINT REAL ESTATE FINANCE

Experience:

- Chairman and President of NXRT
- Chairman of NexBank, Cornerstone Healthcare, and CCS Medical
- Board member at MGM Holdings and JCAP

30+ YEARS OF EXPERIENCE

Brian Mitts

Chief Financial Officer

NEXPOINT REAL ESTATE FINANCE

Experience:

- Chief Financial Officer, Executive VP-Finance, Treasurer and Secretary for NXRT and NHT
- Chief Operations Officer and lead of business development for the NexPoint real estate platform, developing new products and exploring new markets

25+ YEARS OF EXPERIENCE

3 Independent Directors

Edward Constantino

Former Audit Partner

KPMG

Experience:

- Retired from KPMG as an audit partner in 2009 with over 40 years of audit, advisory and tax experience
- Member of the Board of Directors of Patriot Bank
- Served as a consultant the law firm Skadden, Arps, Slate, Meagher & Flom LLP
- Licensed CPA

40+ YEARS OF EXPERIENCE

Scott Kavanaugh

Chief Executive Officer

First Foundation

Experience:

- CEO of First Foundation Inc. since 2009
- Chairman and CEO of First Foundation Bank
- Founding stockholder and former EVP, Chief Administrative Officer and member of the board of directors of Commercial Capital Bancorp, Inc.

30+ YEARS OF EXPERIENCE

Arthur Laffer

Founder and Chairman

Laffer Associates
Supply-Side Investment Research

Experience:

- Founder and chairman of Laffer Associates and former director of Laffer Investments
- Former member of President Reagan's Economic Policy Advisory Board
- Served on several boards of directors of public and private companies

50+ YEARS OF EXPERIENCE

SHAREHOLDER-FRIENDLY CORPORATE GOVERNANCE

- Annual elections of all board members
- Majority independent directors
- No poison pill
- No control share acquisition provisions

NEXPOINT REAL ESTATE FINANCE

SHAREHOLDER-FRIENDLY MANAGEMENT AGREEMENT

- Management agreement with an overall G&A cap of 2.50% of equity, no incentive fee and no fees on contributed equity

KEY MANAGEMENT AGREEMENT TERMS

Management Fee	1.50% of equity [1] / **No management fee on contributed equity**
Management Fee Consideration	Cash / Shares of Common Stock, at the Manager's Discretion
Incentive Fee	**None**
G&A Cap	**2.50% of equity book value [2]**
Term	Initial 3-year term
Renewal Provision	Automatic 1-year renewal
Internalization / Termination Fee	3x average annual management fee for the prior 24-month period

(1) DOES NOT INCLUDE CONTRIBUTED ASSETS.
(2) DIRECT PAYMENT OF OPERATING EXPENSES BY THE COMPANY, WHICH INCLUDES COMPENSATION EXPENSE RELATING TO EQUITY AWARDS GRANTED UNDER LONG-TERM INCENTIVE PLANS, TOGETHER WITH REIMBURSEMENT OF OPERATING EXPENSES TO THE MANAGER, PLUS THE ANNUAL MANAGEMENT FEE MAY NOT EXCEED 2.50% OF EQUITY BOOK VALUE FOR ANY CALENDAR YEAR OR PORTION THEREOF. THIS LIMITATION DOES NOT INCLUDE OFFERING EXPENSES, LEGAL, ACCOUNTING, FINANCIAL, DUE DILIGENCE AND OTHER SERVICE FEES IN CONNECTION WITH EXTRAORDINARY LITIGATION AND MERGERS AND ACQUISITIONS AND OTHER EVENTS OUTSIDE THE ORDINARY COURSE OF THE COMPANY'S BUSINESS OR ANY OUT-OF-POCKET ACQUISITION OR DUE DILIGENCE EXPENSES.

NEXPOINT REAL ESTATE FINANCE

INITIAL PORTFOLIO PROPERTY SECTORS

Single-Family Rental

- One of the most attractive multi-year demand profiles in real estate supported by
  - Decreasing homeownership rates for 25-44 year olds
  - Aging apartment renters toward prime single-family renting years (~40 years)
  - Cost of owning a home continuing to outpace cost of renting

Self-Storage

- Industry benefits from demographic factors, including the growing urbanization of the U.S. and consistent demand from small businesses
  - Urban population has increased from approximately 70% in 1960 to over 80% in 2018 (1)
- Demand drivers inherent to both economic growth and slowdown
  - Sector experienced less of an impact from the Great Recession compared to core sectors

Multifamily

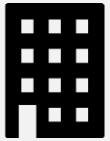
- U.S. apartment fundamentals remain favorable, with strong renter demand and low resident turnover rates keeping occupancy rates near cyclical highs
- NREF's multifamily assets are concentrated in the "work force" category, which comprises 32% of all U.S. renter households (2)
  - Work force multifamily housing demand supported by constrained wage growth and limited supply

NREF Portfolio Investment Highlights



SFR

- 8%+ IRR in stabilized and highly liquid assets



Multifamily

- < 1 basis point of losses realized by B-Piece investors on total issuance of $333.6 billion (3)
- 12.5% weighted average yield on preferred investments



Self-Storage

- 13.4% yield on NREF investment versus 7% coupon on Series B Preferred that is on par with NREF investment in the capital stack

(1) SOURCE: UNITED NATIONS POPULATION DIVISION.
(2) SOURCE: U.S. CENSUS BUREAU, 2018 AMERICAN COMMUNITY SURVEY 1-YEAR ESTIMATES. TOTAL PERCENTAGE OF $35,000-$49,999 AND $50,000-$74,999 INCOME RANGES.
(3) SOURCE: FREDDIE MAC MULTIFAMILY SECURITIZATION OVERVIEW AS OF SEPTEMBER 30, 2019.

NEXPOINT REAL ESTATE FINANCE

TARGET PROPERTY SECTORS

SPONSOR WITH A LARGE NETWORK OF RELATIONSHIPS AND EXTENSIVE EXPERIENCE IN TARGET PROPERTY SECTORS

	Total Investments and Loans [1]		Affiliated Sponsor Platform / Experience
Multifamily	• ~$6.3 billion		• NexPoint Residential Trust, a publicly traded multifamily REIT with an enterprise value of $2.5 billion [2] • Investments in six separate CMBS B-Piece securitizations, 28 preferred equity investments, senior loans and 14 properties in DSTs
Single-Family Rental	• ~$2.3 billion		• Vinebrook, a privately held REIT and leading owner and operator of workforce SFR properties • Active in the sector as a continuation of the Sponsor's affordable housing thesis
Self-Storage	• ~$234 million		• Jernigan Capital, a publicly traded REIT that provides capital to private developers, owners and operators of self-storage facilities and investments in self-storage developments • Equity invested directly into self-storage developments
Hospitality	• ~$550 million		• NexPoint Hospitality Trust, a publicly traded hospitality REIT with an enterprise value of $390.7 million [2] • Announced acquisition of Condor Hospitality Trust, Inc., expected to add approximately 1,908 rooms to NHT's portfolio
Office	• ~$518 million		• Focus primarily on opportunistic repositioning investments • Purchased Electronic Data Systems office complex in Dallas, TX for $135 million • Acquired Cityplace, a 42-story office building in Uptown Dallas for $203 million

~$9.9 BILLION TOTAL INVESTED OR LOANED IN TARGET PROPERTY SECTORS

(1) INCLUDES THE GROSS REAL ESTATE VALUE OF INVESTMENTS AND OUTSTANDING NEXBANK LOANS AS OF DECEMBER 31, 2019 IN TARGET PROPERTY SECTORS.
(2) AS OF DECEMBER 31, 2019.

NEXPOINT REAL ESTATE FINANCE

ROBUST PIPELINE OF INVESTMENT OPPORTUNITIES



22 professionals focused on new opportunities / originations



Select Sponsor with Freddie Mac



$9.9 billion total invested or loaned in target property sectors

Total U.S. CRE Debt Market

Target Investment Structures
First Mortgage Loans, Mezzanine Loans, Preferred Equity, CMBS, Alternative Structured Financings

Target Property Sectors
Multifamily, Single-Family Rental, Self-Storage, Hospitality, Office

Investments Under Review

NEXPOINT
REAL ESTATE FINANCE

PRO FORMA CAPITALIZATION

EXPECTED CREDIT FACILITY CAPACITY OF ~$200 MILLION [2] FOR NEW INVESTMENTS

$ in millions, except per share amounts

	Post-IPO [1]	New Investment Adjustments [2]	Pro Forma Fully Invested
Fully Diluted Shares / Units Outstanding	17.9		17.9
IPO Offering Price	$19.00		$19.00
Equity Market Capitalization	**$341.0**		**$341.0**
Notes on SFR Loans	$788.9		$788.9
Repurchase Agreements	2.9	$187.3	190.2
Total Debt	**$791.9**	**$187.3**	**$979.2**
Less: Cash and Cash Equivalents	(0.3)		(0.3)
Net Debt	**$791.6**		**$978.9**
Total Enterprise Value	**$1,132.6**		**$1,319.9**
Net Debt / Total Enterprise Value	**69.9%**		**74.2%**
Estimated Fully Invested Run-Rate Net Income Yield [3]			**9.0% +**

(1) BASED ON $19.00 IPO SHARE PRICE, 5.35 MILLION SHARES ISSUED IN IPO AND 12.6 MILLION SUBSIDIARY PARTNERSHIP UNITS ISSUED TO CONTRIBUTON GROUP. IPO NET PROCEEDS USED TO PAY DOWN BRIDGE FACILITY.
(2) ASSUMES 75% LEVERAGE FROM REPURCHASE FACILITIES UTILIZING CURRENT AND TO BE PURCHASED CMBS ASSETS AS COLLATERAL.
(3) GAAP NET INCOME DIVIDED BY ESTIMATED MARKET VALUE OF COMMON EQUITY ASSUMING A $19.00 PER SHARE PRICE; PRO FORMA FULLY INVESTED ASSUMING ~$190 MILLION OF NEW INVESTMENTS INCLUDING ~$120 MILLION OF CMBS AND ~$75 MILLION OF NEW PREFERRED / MEZZANINE INVESTMENTS.

NEXPOINT REAL ESTATE FINANCE

INVESTMENT HIGHLIGHTS

HIGH QUALITY CREDIT

EXPERIENCED AND ALIGNED MANAGEMENT TEAM

ACCESS TO SPONSOR'S REAL ESTATE PLATFORM

TARGET ATTRACTIVE PROPERTY SECTORS WHERE SPONSOR HAS OPERATING CAPABILITIES

Appendix

SENIOR LOAN 1

Manager Overview

- Well-capitalized and publicly traded company
- Provide quality, affordable rental homes in a variety of suburban U.S. communities that have easy accessibility to metropolitan areas
- As of September 30, 2019, the Manager owned a stabilized portfolio of 14,403 homes



Underlying Portfolio Information

- Senior Loan 1 is collateralized by a stabilized diversified portfolio of SFR workforce housing properties
- Over 4,800 unique leases or tenants and located in 32 MSAs in 12 states

Number of Homes	4,812
Occupancy	90.0%
Avg. Monthly Rent / Home	$1,206
Total Appraised Value	$746.8 million

Overview of NREF Investment

Origination Date	8/8/18
Carrying Value	$550.8 million
Net Equity	$85.1 million
All-in Rate (1)	4.7%
Maturity Date	9/1/28
LTV	68.1%
DSCR	1.7x
Levered IRR (2)	8.8%

(1) INTEREST INCOME CALCULATED USING UNDERLYING PRINCIPAL BALANCE.
(2) LEVERED IRR IS CALCULATED BASED ON FUTURE CASH FLOWS.

NEXPOINT
REAL ESTATE FINANCE

CMBS 28

Investment Summary

- CMBS Investment 28 is a CMBS B-Piece securitization comprised of a pool of floating rate mortgage loans
- Part of Freddie Mac K-Deal securitization backed by newly acquired mortgages underwritten to Freddie Mac's industry-leading standards
- NREF investment represents 60.5% to 65.4% LTV in the underlying properties



Underlying Portfolio Information

- Well-distributed across 14 states throughout the U.S.

Number of Properties	45
Number of Units	10,118
Wtd. Avg. Occupancy	94.0%
Wtd. Avg. Rent / Unit	$1,105
Total Appraised Value	$1.5 billion

Overview of NREF Investment

Origination Date	3/28/19
Carrying Value	$75.5 million
Net Equity (1)	$18.8 million
All-in Rate (2)	7.8%
Maturity Date	2/25/26
LTV	65.4%
Levered Yield (1)(3)	21.6%

(1) ASSUMES NREF CAN ENTER INTO REPURCHASE AGREEMENTS FOR THE CMBS B-PIECES. SIZE OF THE FACILITY REPRESENTS 75% LEVERAGE ON THE CONTRIBUTED CMBS B-PIECES.
(2) BASED ON 1M LIBOR OF 1.76% AS OF DECEMBER 31, 2019 AND A SPREAD OF 6.00%.
(3) REPRESENTS ECONOMIC RETURN CALCULATED BY DIVIDING ANNUAL INTEREST INCOME LESS INTEREST EXPENSE BY NET EQUITY.

NEXPOINT REAL ESTATE FINANCE

PREFERRED EQUITY INVESTMENTS / MEZZANINE LOAN

PREFERRED EQUITY INVESTMENTS

INVESTMENTS IN STABILIZED MULTIFAMILY PROPERTIES







Investment #	31	32	33
Origination Date	8/31/15	3/22/19	7/14/14
Carrying Value	$9,746,231	$5,056,000	$3,821,000
All-in Rate	11.5%	12.5%	15.3%
Maturity Date	7/1/25	12/1/27	8/1/22
City, State	Columbus, GA	Jackson, MS	Corpus Christi, TX
LTV	85.8%	75.6%	57.0%

MEZZANINE LOAN

Investment #	30
Origination Date	2/5/18
Carrying Value	$3,221,343
All-in Rate (1)	13.8%
Maturity Date	1/31/22
City, State	North Charleston, SC
LTV	73.4%
Borrower Guarantee	Yes



BORROWER GUARANTEE USING $150 MILLION BALANCE SHEET

(1) INTEREST INCOME FOR THE MEZZANINE LOAN IS CALCULATED USING THE DECEMBER 31, 2019 WSJ PRIME OF 4.8% PLUS A SPREAD OVER THE INDEX OF 9.0%. A FIXED MINIMUM RATE OF 8.0% IS PAID IN CASH ON A MONTHLY BASIS. THE DIFFERENCE BETWEEN THE 8.0% MINIMUM MONTHLY PAYMENT AND THE 13.8% STATED RATE IS ACCRUED AS PAID-IN-KIND (PIK) INTEREST AND IS COMPOUNDED ON A MONTHLY BASIS. ACCRUED PIK IS TO BE PAID AT MATURITY.

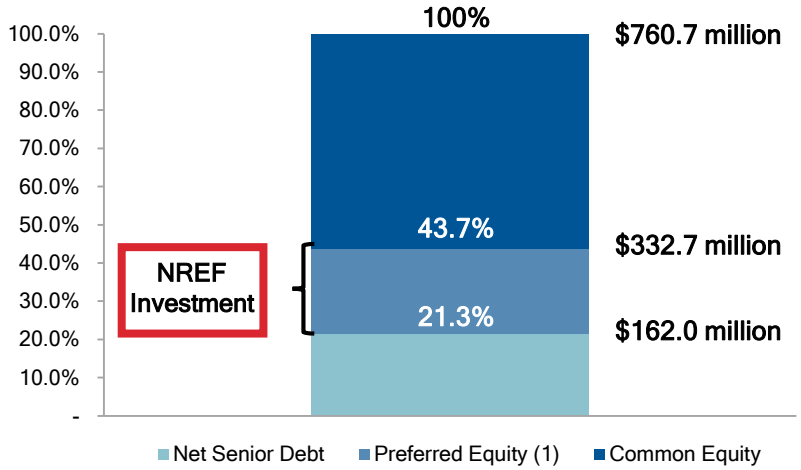
NEXPOINT REAL ESTATE FINANCE

ALTERNATIVE STRUCTURED FINANCING

Investment Summary

- The Alternative Structured Financing is an investment in Jernigan Capital's ("JCAP") Series A preferred stock
- JCAP invests primarily in new or recently constructed and opened self-storage facilities located predominantly in dense urban submarkets within large U.S. metropolitan areas
- JCAP also has $37.5 million of Series B preferred stock outstanding with a 7% cash dividend, which ranks on parity with the Series A preferred stock owned by NREF
    - NREF holds a comparatively more attractive piece in JCAP's preferred outstanding, achieving an all-in rate of 13.4%

JCAP Capital Stack



Overview of NREF Investment

JERNIGAN Capital

Origination Date	7/27/16
Investment Term (2)	Redeemable by JCAP after 8/1/2021 at 105% of par value and after 8/1/2022 at par value
NREF Investment	$40.0 million of the $133.5 million total par value outstanding
NREF Shares Owned as a % of Total Outstanding	30.0%
Cash Dividend	7.0% in years 1-6, 8.5% in year 7 and thereafter
PIK Dividend (3)	6.4%
All-in Rate (3)	13.4%

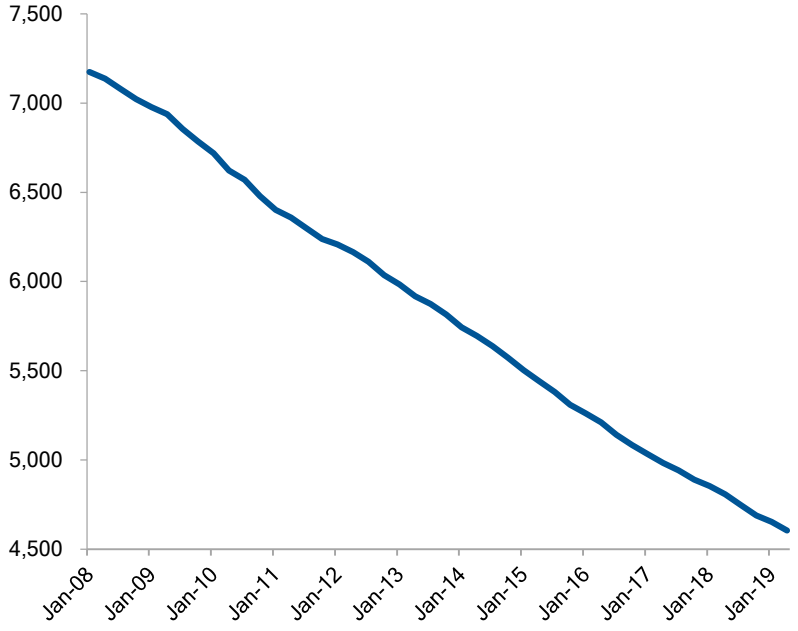
(1) REPRESENTS ATTACHMENT AND DETACHMENT POINTS FOR JERNIGAN CAPITAL'S TOTAL PREFERRED OUTSTANDING (SERIES A AND B) AS OF SEPTEMBER 30, 2019.
(2) SOURCE: JERNIGAN CAPITAL SEPTEMBER 2019 INVESTOR PRESENTATION.
(3) THE PREFERRED STOCK PAYS A FIXED QUARTERLY PIK DIVIDEND OF $2.125 MILLION PAYABLE PRO RATA TO THE HOLDERS OF THE PREFERRED STOCK FOR THE FIRST THREE QUARTERS OF 2018, 2019 AND 2020 AND FOR THE FIRST FISCAL QUARTER OF 2021. FOR THE LAST FISCAL QUARTER OF EACH OF 2018, 2019 AND 2020 AND FOR THE SECOND FISCAL QUARTER OF 2021, THE STOCK DIVIDEND VARIES BASED ON THE UNDERLYING COMPANY'S BOOK VALUE AND PAST AGGREGATE DIVIDENDS AMONG OTHER THINGS, BUT WILL BE NO LOWER THAN $2.125 MILLION. GIVEN THAT THE STOCK DIVIDEND FOR THE LAST FISCAL QUARTER OF 2020 CANNOT BE PREDICTED, THE COMPANY ASSUMES A DIVIDEND OF $2.125 MILLION AS A CONSERVATIVE ESTIMATE. IT IS EXPECTED THAT THE COMPANY WILL OWN 40,000 SHARES OF $1,000 PAR VALUE PREFERRED STOCK OUT OF A TOTAL 133,500 SHARES OUTSTANDING AS OF DECEMBER 31, 2019. THE COMPANY'S PRO RATA PORTION OF THE PIK DIVIDEND IS $636,704 PER QUARTER, WHICH EQUATES TO AN EFFECTIVE PIK RATE OF 6.4%.

NEXPOINT REAL ESTATE FINANCE

REGULATIONS CONSTRAIN TRADITIONAL LENDERS

- Stricter regulations, such as Dodd-Frank Wall Street Reform and Consumer Protection Act, resulted in more conservative lending practices for lenders that remain
- Drives demand for alternative providers of commercial real estate debt capital
    - Need for "gap" financing from experienced and non-bank conduit lenders

NUMBER OF U.S. COMMERCIAL BANKS (1)



NET % OF DOMESTIC BANKS TIGHTENING STANDARDS (2)



SOURCE: FEDERAL RESERVE BANK OF ST. LOUIS.
(1) DATA IS THROUGH JULY 2019.
(2) FOR COMMERCIAL REAL ESTATE LOANS; DATA IS YTD THROUGH OCTOBER 2019. FEDERAL RESERVE BANK OF ST. LOUIS BEGAN REPORTING CONSTRUCTION AND LAND DEVELOPMENT, MULTIFAMILY, AND NONFARM RESIDENTIAL STATISTICS VERSUS A COMBINED STATISTIC IN OCTOBER 2013.

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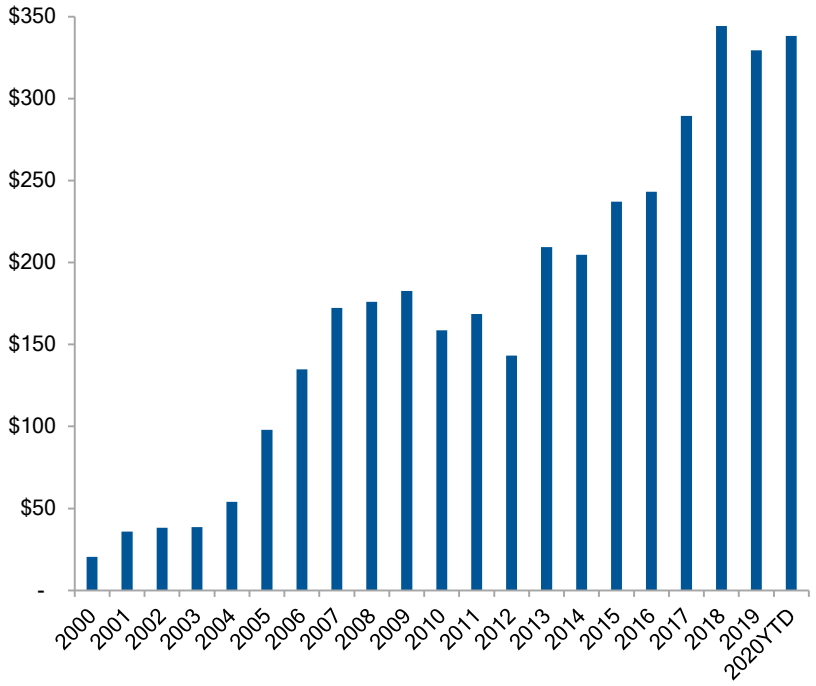
REAL ESTATE FINANCE

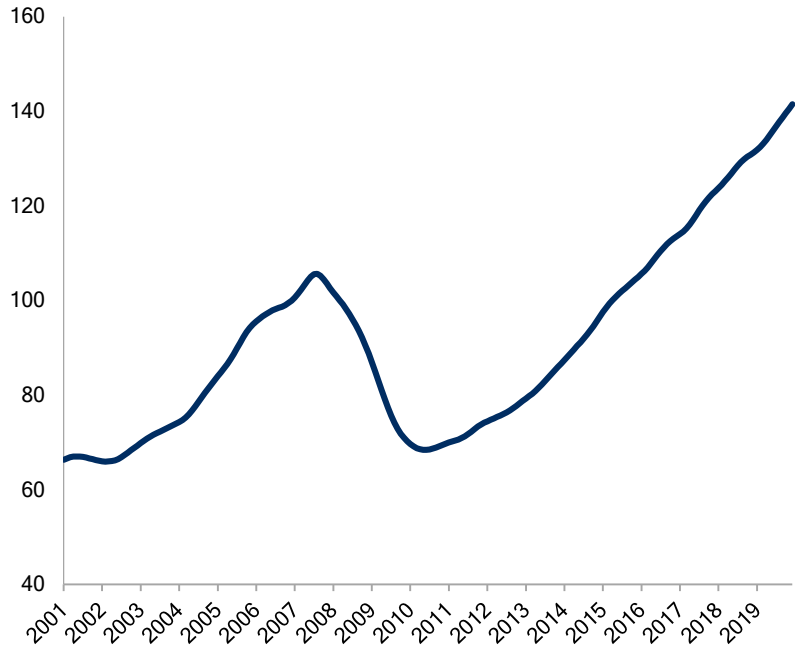
DEMAND DRIVEN BY STRONG CRE TRANSACTION VOLUMES

- $537 billion of commercial real estate transaction volume in 2018, the second largest year on record
- Large amount of “dry powder” of real estate funds and appreciation of commercial real estate values drive continued strong transaction volumes

DRY POWDER OF REAL ESTATE FUNDS (1)



NATIONAL ALL-PROPERTY PRICE INDEX (2)



(1) SOURCE: PREQIN THROUGH JANUARY 2020.
(2) SOURCE: REAL CAPITAL ANALYTICS, DATA THROUGH DECEMBER 2019.

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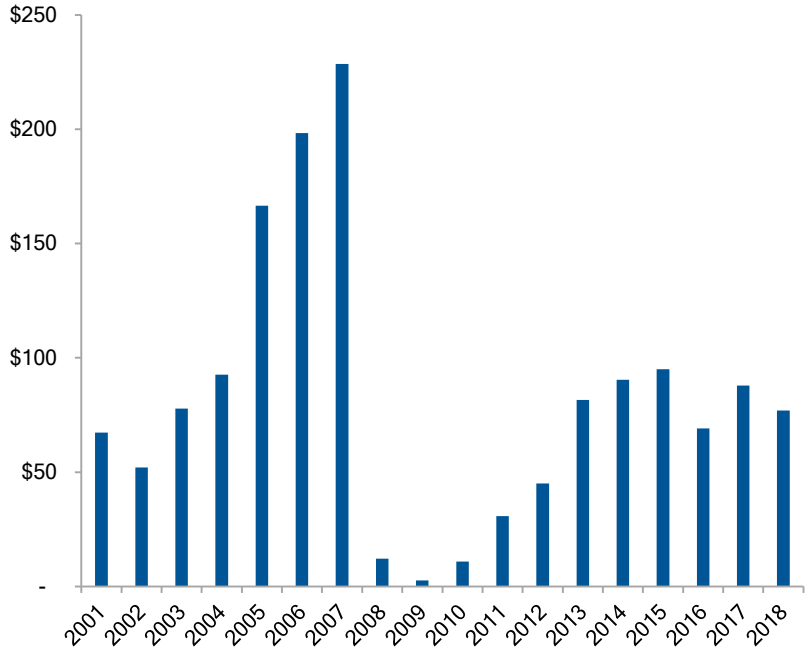
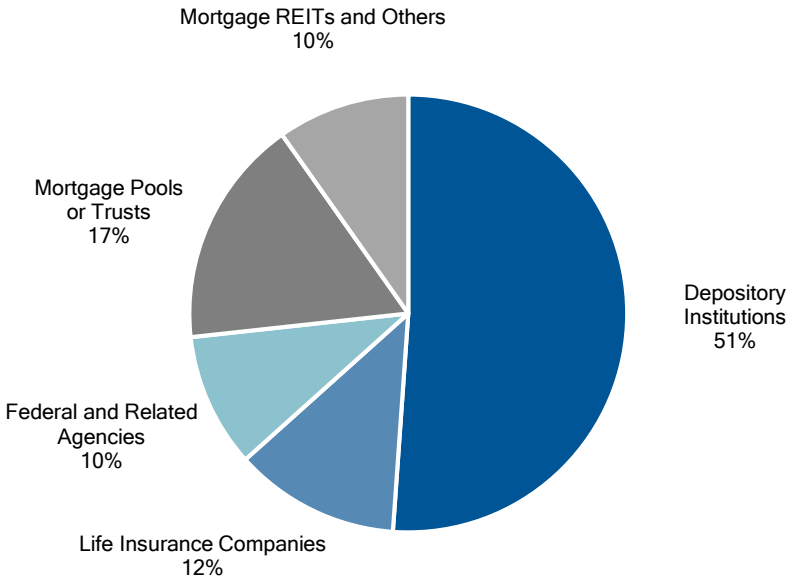
MARKET OPPORTUNITY FOR ALTERNATIVE LENDERS

- Significantly lower CMBS issuance since 2008 has resulted in a need for alternative lenders to meet demand
- Market share of alternative lenders has increased to 10%, steadily increasing from their 8.1% share at the beginning of the financial crisis

CMBS ISSUANCE (1)



COMMERCIAL REAL ESTATE DEBT MARKET SHARE (2)



(1) SOURCE: COMMERCIAL MORTGAGE ALERT.
(2) SOURCE: FEDERAL RESERVE AS OF 3Q19.

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