# NYSE: NREF

NAREIT REITweek: 2023 Investor Conference

NEXPOINT REAL ESTATE FINANCE

# Cautionary Statements

## FORWARD LOOKING STATEMENTS

This presentation contains "forward-looking statements" within the meaning of the Private Securities Litigation Reform Act of 1995 that are based on management's current expectations, assumptions and beliefs. Forward-looking statements can often be identified by words such as "anticipate", "estimate", "expect," "intend," "may", "should" and similar expressions, and variations or negatives of these words. These forward-looking statements include, but are not limited to, statements regarding the Company's business and industry in general, undistributed earnings intended to be distributed in 2023 as special dividends, and portfolio commentary, including the resiliency of SFR, and life science demand. They are not guarantees of future results and forward-looking statements are subject to risks, uncertainties and assumptions that could cause actual results to differ materially from those expressed in any forward-looking statement, including those described in greater detail in our filings with the Securities and Exchange Commission (the "SEC"), particularly those described in our Annual Reports on Form 10-K and Quarterly Reports on Form 10-Q. Readers should not place undue reliance on any forward-looking statements and are encouraged to review the Company's Annual Reports on Form 10-K and the Company's other filings with the SEC for a more complete discussion of risks and other factors that could affect any forward-looking statement. The statements made herein speak only as of the date of this presentation and except as required by law, the Company does not undertake any obligation to publicly update or revise any forward-looking statements.

## NON-GAAP FINANCIAL MEASURES

This presentation contains non-GAAP financial measures. A "non-GAAP financial measure" is defined as a numerical measure of a company's financial performance that excludes or includes amounts so as to be different than the most directly comparable measure calculated and presented in accordance with GAAP in the statements of income, balance sheets or statements of cash flows of the Company. The non-GAAP financial measures used within this presentation are EAD and CAD.

EAD is defined as the net income (loss) attributable to our common stockholders computed in accordance with GAAP, including realized gains and losses not otherwise included in net income (loss), excluding any unrealized gains or losses or other similar non-cash items that are included in net income (loss) for the applicable reporting period, regardless of whether such items are included in other comprehensive income (loss), or in net income (loss) and adding back amortization of stock-based compensation. Net income (loss) attributable to common stockholders may also be adjusted for the effects of certain GAAP adjustments and transactions that may not be indicative of our current operations. In addition, EAD in this presentation includes the dilutive effect of non-controlling interests. We use EAD to evaluate our performance and to assess our long-term ability to pay distributions. We believe providing EAD as a supplement to GAAP net income (loss) to our investors is helpful to their assessment of our performance and our long-term ability to pay distributions. We also use EAD as a component of the management fee paid to NREA, our manager. EAD does not represent net income or cash flows from operating activities and should not be considered as an alternative to GAAP net income, an indication of our GAAP cash flows from operating activities, a measure of our liquidity or an indication of funds available for our cash needs. Our computation of EAD may not be comparable to EAD reported by other REITs.

We calculate CAD by adjusting EAD by adding back amortization of premiums, amortization and depreciation and amortization of deferred financing costs and by removing accretion of discounts and non-cash items, such as stock dividends. We use CAD to evaluate our performance and our current ability to pay distributions. We also believe that providing CAD as a supplement to GAAP net income (loss) to our investors is helpful to their assessment of our performance and our current ability to pay distributions. CAD does not represent net income or cash flows from operating activities and should not be considered as an alternative to GAAP net income, an indication of our GAAP cash flows from operating activities, a measure of our liquidity or an indication of funds available for our cash needs. Our computation of CAD may not be comparable to CAD reported by other REITs.

## ADDITIONAL INFORMATION

For additional information, see our filings with the SEC. Our filings with the SEC are available on our website, nref.nexpoint.com, under the "Financials" tab. First quarter 2023, dividend coverage amounts exclude special dividend amounts.

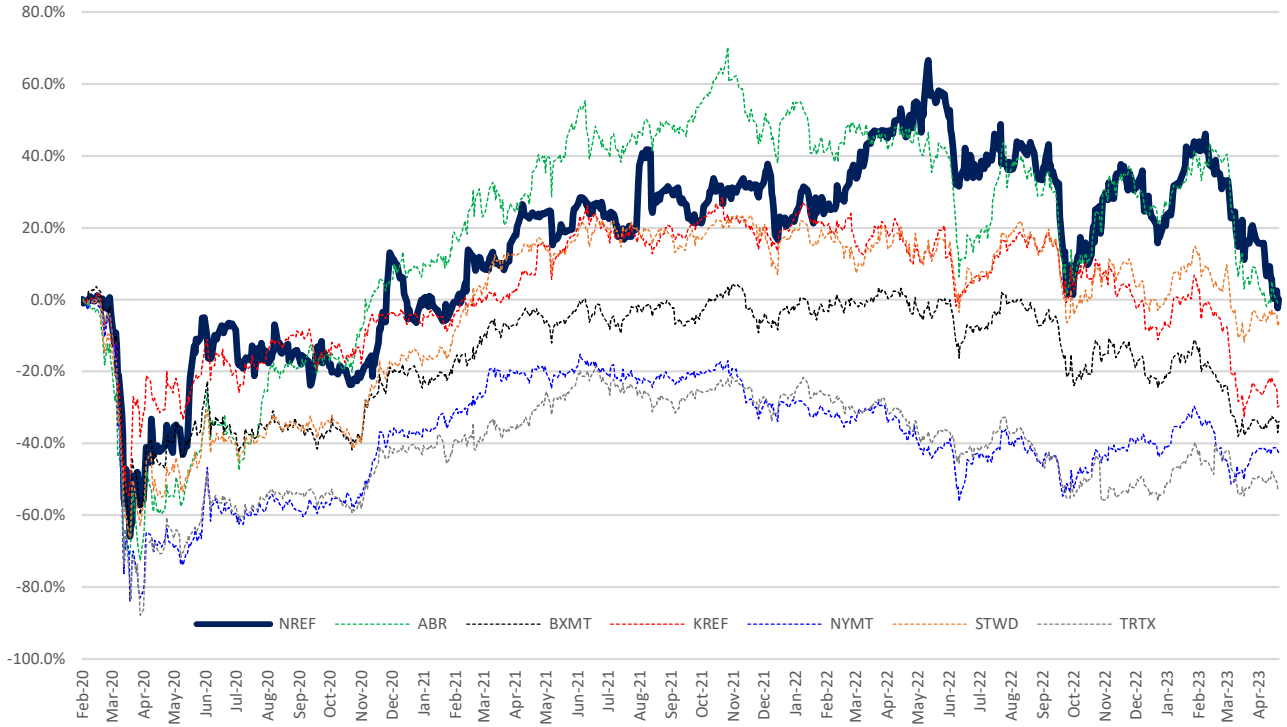
# NexPoint Real Estate Finance

## Company Overview

NexPoint Real Estate Finance, Inc. ("NREF" or the "Company") is a publicly traded mortgage REIT, with its shares listed on the New York Stock Exchange. The company concentrates on investments in real estate sectors where senior management has operating expertise, including multifamily, single-family rental ("SFR"), self-storage, life science, hospitality, and office sectors in the top 50 metropolitan statistical areas. The Company targets lending or investing in stabilized properties or properties with "light-transitional" business plans.

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

## NREF Total Return vs Peers[4]




**33.7%**
DISCOUNT TO BOOK[1]

**15.4%**
IMPLIED DIVIDEND YIELD[2]

**12.0%**
INSIDER OWNERSHIP[3]

1) BASED ON MARCH 31. 2023, BOOK VALUE INCLUDING REDEEMABLE NCI IN THE OPERATING PARTNERSHIP AS REPORTED BY THE COMPANY IN THIS PRESENTATION AND THE SHARE PRICE AS OF CLOSE OF TRADING APRIL 26, 2023
2) IMPLIED DIVIDEND YIELD IS CALCULATED USING THE 2Q DIVIDEND OF $0.50 PER COMMON SHARE, AND DOES NOT GIVE EFFECT TO THE SPECIAL DIVIDEND, ANNUALIZED, DIVIDED BY THE SHARE PRICE AS OF CLOSE OF TRADING ON APRIL 26, 2023
3) INCLUDES NON-CONTROLLING INTERESTS. EXCLUDES OWNERSHIP BY FUNDS ADVISED OR MANAGED BY AFFILIATES OF OUR ADVISER EXCEPT TO THE EXTENT OF OUR MANAGEMENT'S PECUNIARY INTEREST THEREIN AS OF THE CLOSE OF TRADING APRIL 26, 2023
4) BLOOMBERG. TOTAL RETURN, INCLUDING DIVIDENDS, AS OF CLOSE OF TRADING APRIL 26, 2023



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# 1Q 2023 Highlights

## FINANCIAL

**$9.4MM**
NET INCOME IN 1Q 2023
Net income attributable to common stockholders of $6.6MM or $0.37 per diluted common share

**$12.4MM**
1Q 2023 CASH AVAILABLE FOR DISTRIBUTION
$0.55 per diluted common share[1]

**$435.4MM**
BOOK VALUE
$19.59 per common share, including redeemable non-controlling interests in the Operating Partnership and excluding Series A Preferred Stock

**1Q 2023 Dividend**
PAID ON MARCH 31, 2023
Paid a 1Q 2023 dividend of $0.500 per common share on March 31, 2023

## PORTFOLIO

**$1.7B**
OUTSTANDINGTOTAL PORTFOLIO
Composed of 88 investments[2]

**$24.7MM**
MEZZANINE LOAN REDEMPTION

**$5.7MM**
MORTGAGE-BACKED SECURITY
Purchased a $5.7MM mortgage-backed security with a current yield of 13.10%

**$29.1MM**
PREFERRED EQUITY INVESTMENTS
Purchased $29.1MM of preferred equity investments with a current blended yield of 11.00%

## CAPITALIZATION

**2.66X**
DEBT TO BOOK VALUE RATIO
As of April 26, 2023

**5.1 Years**
WEIGHTED AVERAGE REMAINING TERM
Of secured credit facility, matched in structure and term of the underlying SFR loans as of March 31, 2023

**$338.1MM**
OUTSTANDING REPO FINANCING
Equates to 60.3% advance rate on our CMBS B-Piece, IO Strips, MSCR Notes and mortgage-backed security Portfolio[3]

1) CASH AVAILABLE FOR DISTRIBUTION PER DILUTED SHARE ASSUMES VESTING OF ALL OUTSTANDING UNVESTED RESTRICTED STOCK UNITS AND CONVERSION OF ALL REDEEMABLE NON-CONTROLLING INTERESTS. SEE "RECONCILIATIONS" SLIDE

2) AS OF APRIL 26, 2023, AND CMBS B-PIECES REFLECTED ON AN UNCONSOLIDATED BASIS

3) BASED ON ACTUAL COLLATERAL POSTED



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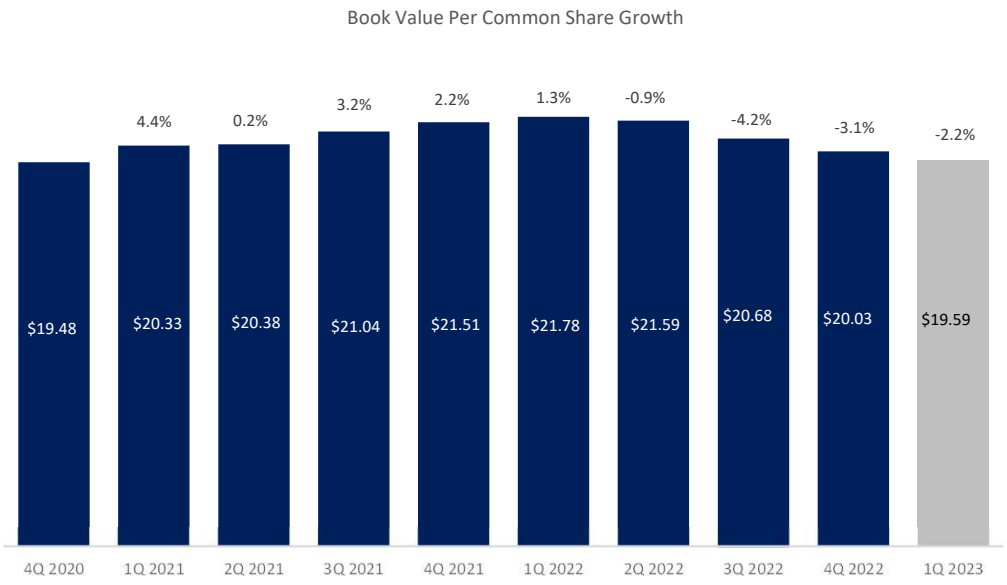
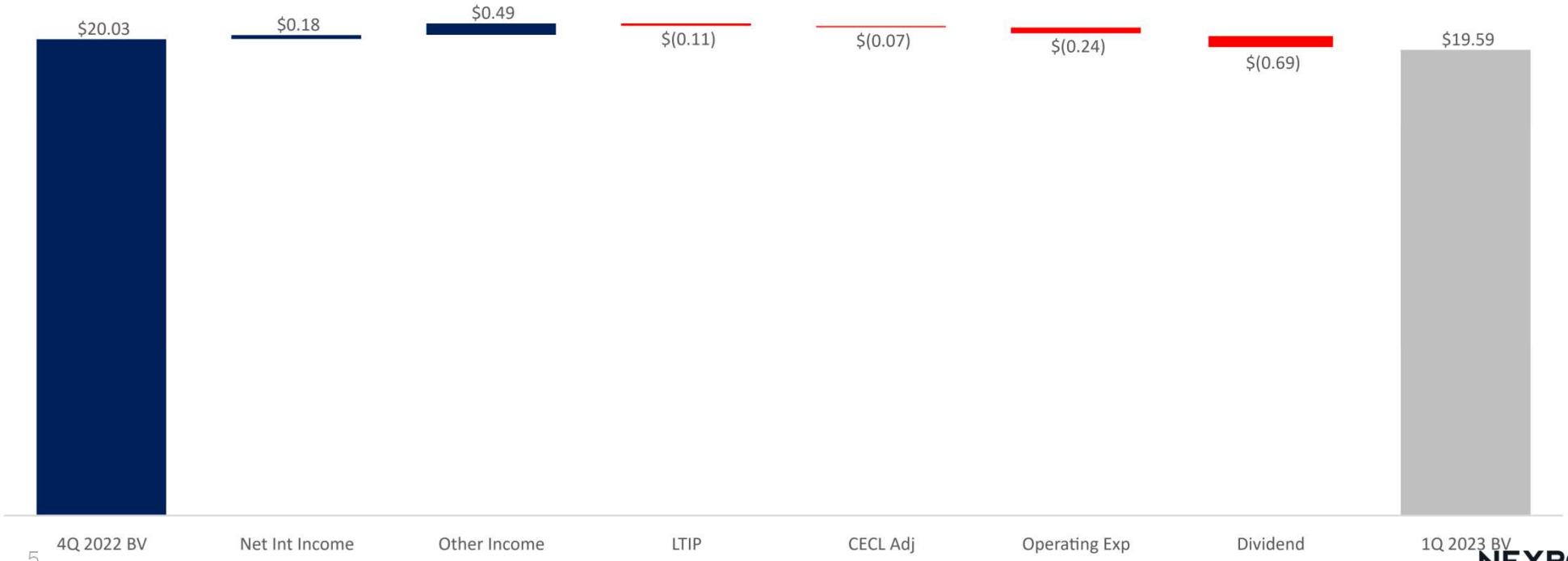
# 1Q 2023 Earnings And Book Value




## Earnings and Book Value

- Net interest income of $3.9MM, an increase of 0.7% compared to 4Q 2022
- Net income of $9.4MM, with net income attributable to common stockholders of $6.6MM, or $0.37 per diluted common share; compared to net loss of $2.0MM, with net loss attributable to common stockholders of $3.7MM, or $(0.25) per diluted common share in 4Q 2022
- Earnings available for distribution of $11.9MM, or $0.52 per diluted common share; compared to $0.42 per diluted common share in 4Q 2022
- BV per diluted common share including redeemable NCI in the Operating Partnership decreased 2.2% to $19.59/share, compared to $20.03/share at the end of 4Q 2022



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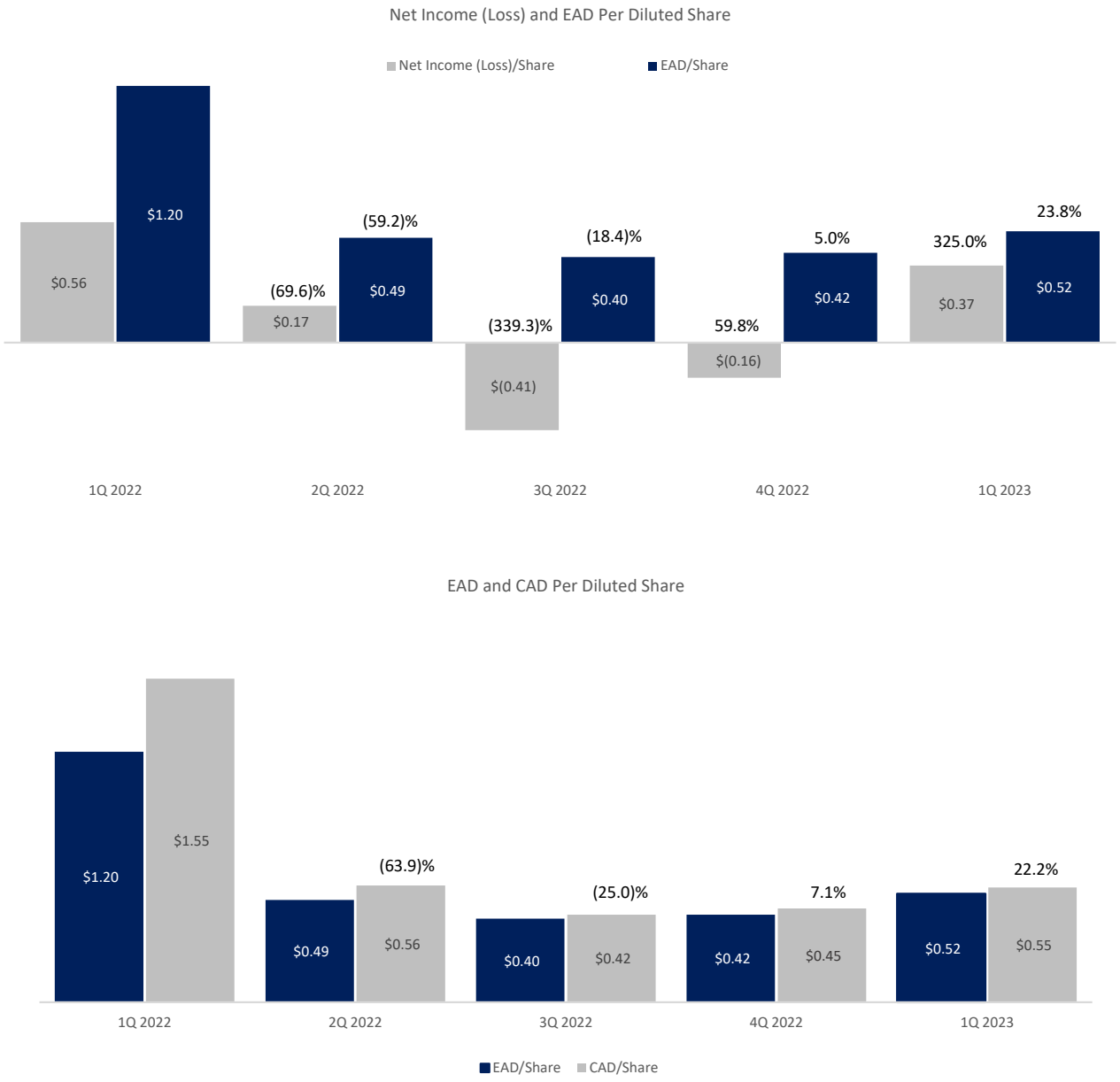
# Net Income, EAD and CAD




## NET INCOME, EAD, CAD AND GUIDANCE

NET INCOME/EAD/CAD

- Net income per diluted common share for 1Q 2023 is $0.37, compared to net loss of $0.16 per diluted common share reported in 4Q 2022
- 1Q 2023 EAD per diluted common share is $0.52, an increase of 23.8% compared to 4Q 2022 reported EAD per diluted common share
- 1Q 2023 CAD per diluted common share is $0.55, an increase of 22.2% compared to 4Q 2022 reported CAD per diluted common share



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# Dividend and Coverage

## Dividend and Net Income/EAD/CAD Coverage

1Q 2023 DIVIDEND:

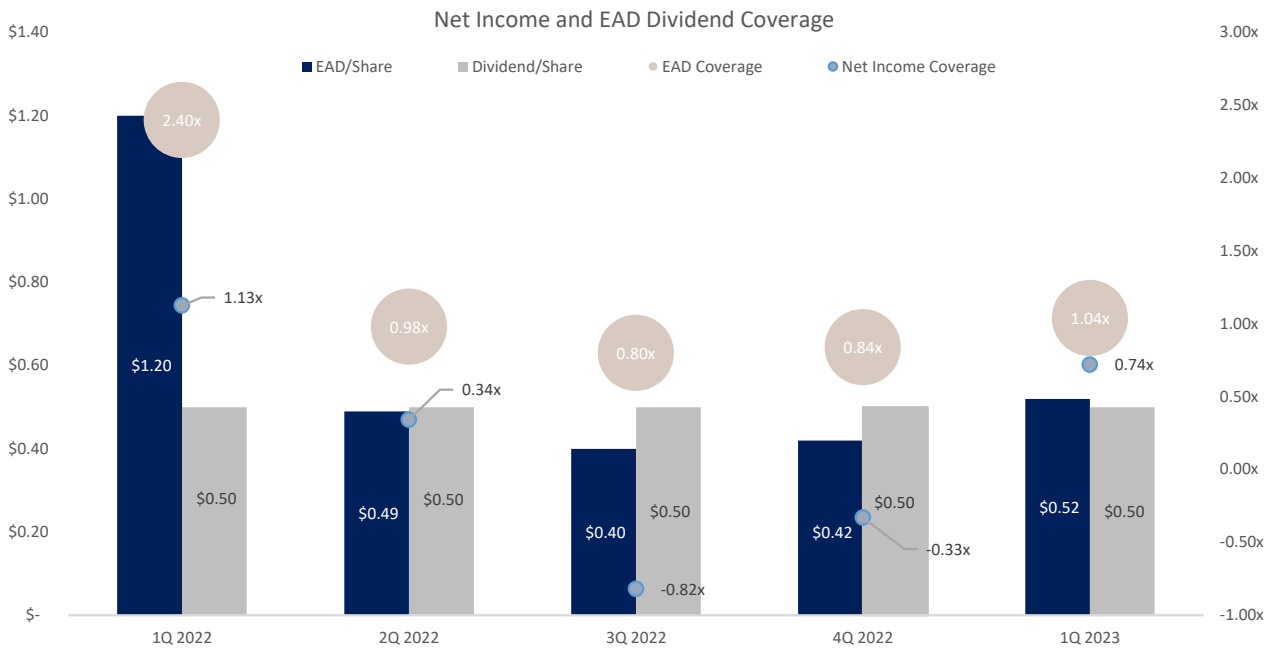
- 1Q dividend of $0.50 per common share was paid March 31, 2023
- 1Q 2023 Net Income dividend coverage is 0.74x
- 1Q 2023 EAD dividend coverage is 1.04x
- 1Q 2023 CAD dividend coverage is 1.10x

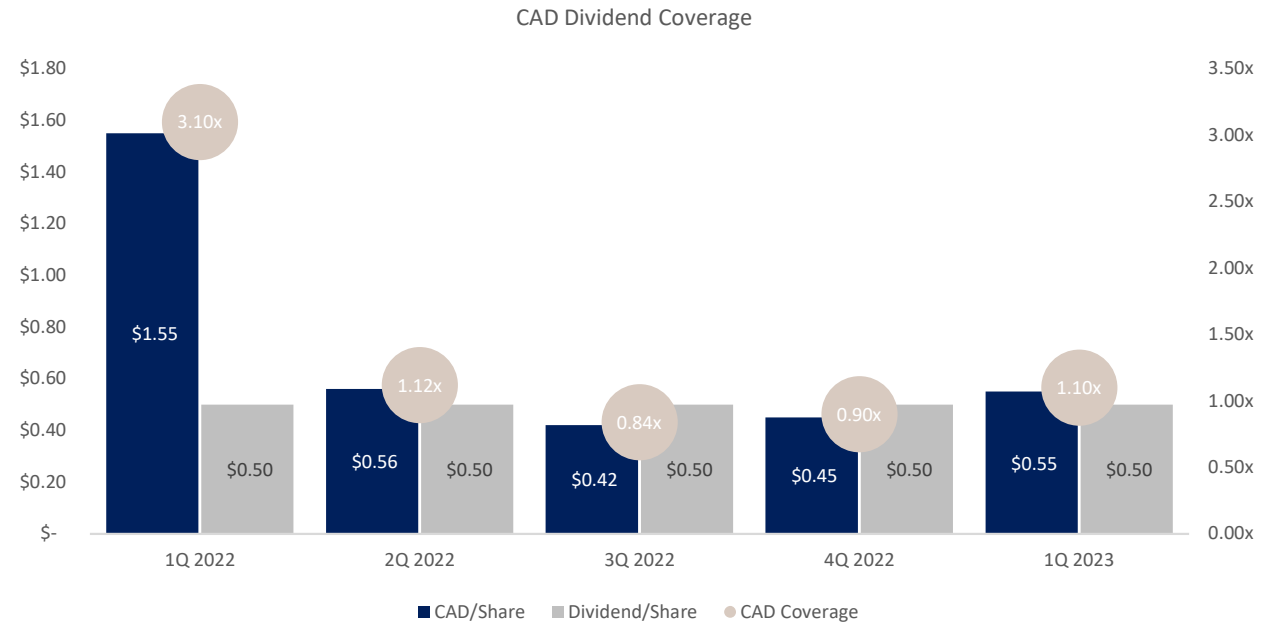
2Q 2023 DIVIDEND:

- 2Q 2023 dividend of $0.50 per common share declared by the Board of Directors to be paid on June 30, 2023

SPECIAL DIVIDEND:

- $12.5mm of undistributed earnings intended to be distributed in 2023
- $0.74 per share for the year
- $0.185/share per quarter starting with 1Q 2023 which was paid on March 31, 2023
- 2Q 2023 special dividend of $0.185 per common share declared by the Board of Directors to be paid on June 30, 2023



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# Portfolio Commentary

## Defensive Portfolio Characteristics

The current portfolio consists of senior loans, CMBS B-Pieces, CMBS I/O Strips, mezzanine debt, preferred equity, MSCR notes, mortgage-backed securities, a multifamily property and common stock investments in short-duration lease-term assets (multifamily, SFR, self-storage, life sciences) that are geographically diverse in the United States. The portfolio has minimal exposure to construction loans, no heavy transitional loans, and no for-sale loans. As of April 26, 2023, there are no loans currently in forbearance in our portfolio.

### MULTIFAMILY

- Historically low losses for Freddie Mac debt issuances secured by multifamily assets, including periods of market stress
- Aggregate losses in Freddie Mac's origination history have averaged 5 bps per year dating back to 1994[1]
- Since 2009 and through December 2022, there have been $56.1MM in aggregate losses on $528.4B of combined issuance[2]

### SINGLE-FAMILY RENTAL

- Although this is a relatively new asset class that was institutionalized in the wake of the global financial crisis, we believe SFR will exhibit resiliency akin to multifamily
- Current portfolio of SFR loans is capitalized by a secured credit facility with Freddie Mac, is matched in both duration and structure of the underlying loans, has 5.1 years of average weighted term to maturity, and a 245 bps interest rate spread[3]
- Subject to Freddie Mac forbearance program to help mitigate cash flow interruptions to the bondholders

### SELF-STORAGE

- Occupancies across the sector remain at all-time highs with other fundamentals remaining strong
- Historically, self-storage has outperformed other real estate asset types during economic downturns

### LIFE SCIENCES

- Secular demand growth can be reliably estimated by looking into past performance over the last 10-15 years
- Increases in technology, spending and medical talent have created strong demand for real estate that meets unique and specific requirements

**5.4**
YEARS AVERAGE REMAINING TERM[4]

**92.5%**
OF PORTFOLIO STABILIZED[4]

**68.7%**
WEIGHTED AVG LOAN TO VALUE[4]

**1.90x**
WEIGHTED AVG DSCR[4]

(1) FREDDIE MAC; 4Q 2022
(2) FREDDIE MAC; FEBRUARY 2023
(3) AS OF MARCH 31, 2023
4) AS OF APRIL 26, 2023, AND EXCLUDING THE COMMON STOCK INVESTMENTS AND THE HUDSON MONTFORD MULITFAMILY PROPERTY



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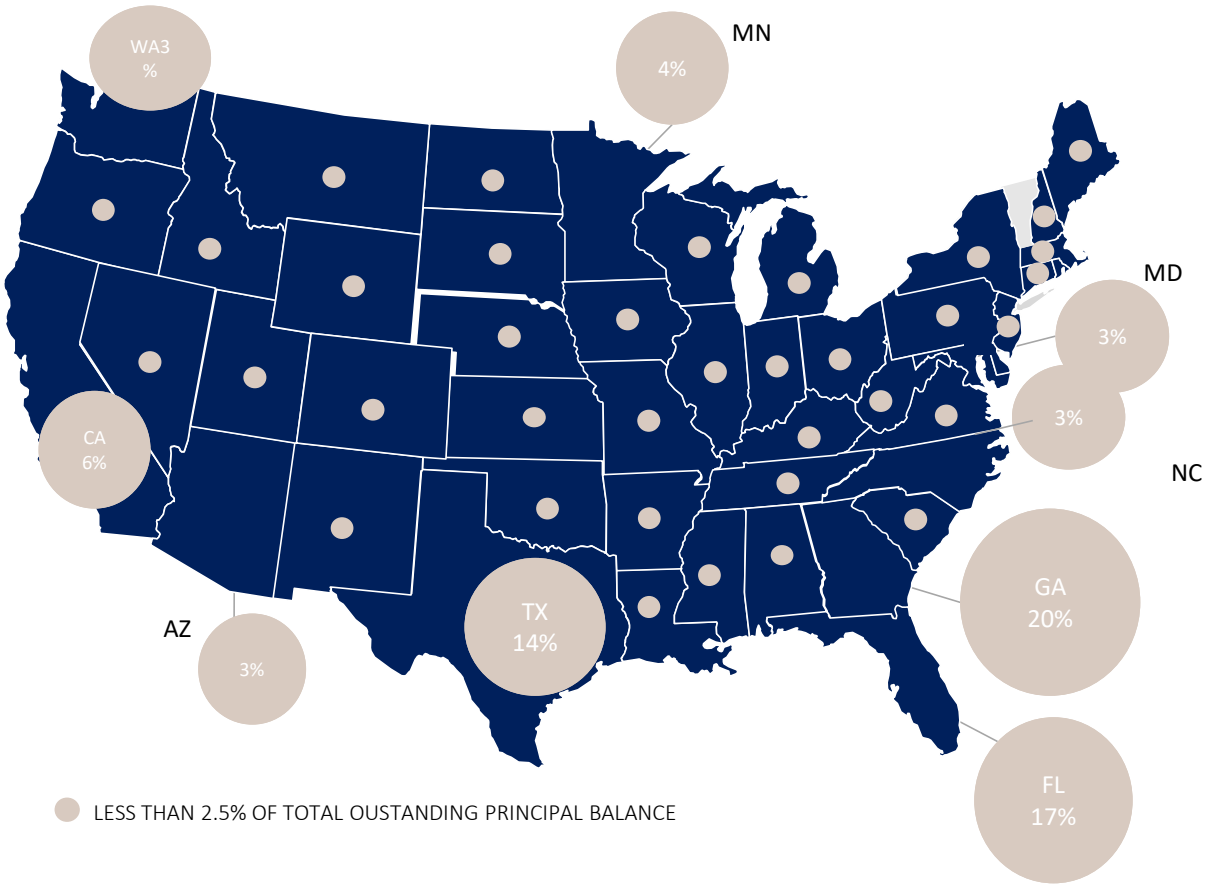
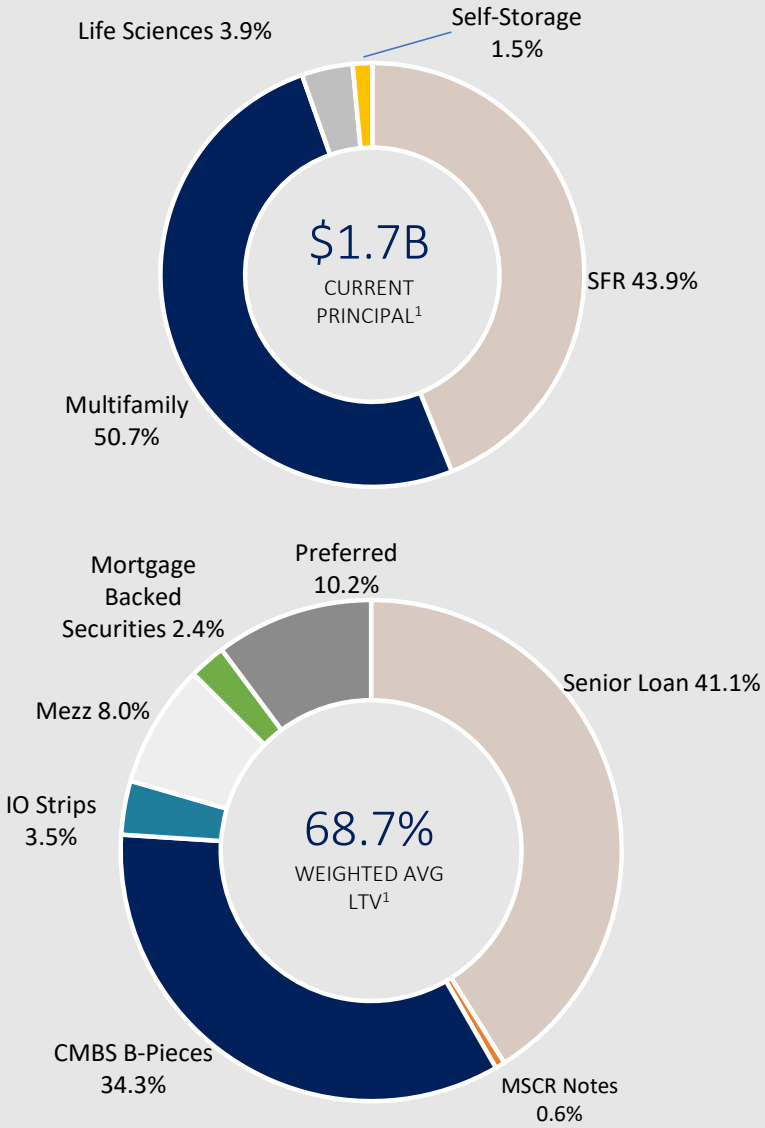
# Portfolio Commentary[1]




## Geographic and Asset Type Exposure[1]




(1) AS OF APRIL 26, 2023, AND EXCLUDING COMMON STOCK INVESTMENTS AND THE HUDSON MONTFORD MULTIFAMILY PROPERTY



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# Portfolio

$s IN 0,000s EXCEPT PER SHARE DATA

| # | Investment[1] | Location | Property Type | Investment Date | Current Principal | Net Equity[2] | Coupon[3] | Remaining Term[4] | Loan to Value | DSCR |
|---|---|---|---|---|---|---|---|---|---|---|
| 1 | Senior Loan | Various | SFR | 2/11/2020 | $508,700 | $72,097 | 4.65% | 5.3 | 68.1% | |
| 2 | Senior Loan | Various | SFR | 2/11/2020 | 51,304 | 6,798 | 4.74% | 2.4 | 54.1% | |
| 3 | Senior Loan | Various | SFR | 2/11/2020 | 36,563 | 5,086 | 5.55% | 5.5 | 69.8% | |
| 4 | Senior Loan | Various | SFR | 2/11/2020 | 10,119 | 1,457 | 4.72% | 5.3 | 66.9% | |
| 5 | Senior Loan | Various | SFR | 2/11/2020 | 10,081 | 1,533 | 5.35% | 4.8 | 68.4% | |
| 6 | Senior Loan | Various | SFR | 2/11/2020 | 10,523 | 1,490 | 5.30% | 2.8 | 63.2% | |
| 7 | Senior Loan | Various | SFR | 2/11/2020 | 9,494 | 1,337 | 6.10% | 5.4 | 71.4% | |
| 8 | Senior Loan | Various | SFR | 2/11/2020 | 8,733 | 1,279 | 5.88% | 5.7 | 53.4% | |
| 9 | Senior Loan | Various | SFR | 2/11/2020 | 7,438 | 1,095 | 5.34% | 5.8 | 70.5% | |
| 10 | Senior Loan | Various | SFR | 2/11/2020 | 6,546 | 966 | 5.46% | 5.8 | 68.8% | |
| 11 | Senior Loan | Various | SFR | 2/11/2020 | 6,269 | 858 | 5.47% | 0.8 | 64.2% | |
| 12 | Senior Loan | Various | SFR | 2/11/2020 | 5,760 | 812 | 5.99% | 5.6 | 70.0% | |
| 13 | Senior Loan | Various | SFR | 2/11/2020 | 5,426 | 777 | 5.24% | 5.4 | 54.9% | |
| 14 | Senior Loan | Various | SFR | 2/11/2020 | 5,364 | 660 | 5.33% | 0.3 | 64.0% | |
| 15 | Senior Loan | Various | SFR | 2/11/2020 | 5,148 | 747 | 5.46% | 5.7 | 70.5% | |
| | **Total SFR** | | | | **687,468** | **96,992** | **4.81%** | **5.0** | **66.8%** | |
| 1 | CMBS B-Piece | Various | Multifamily | 2/11/2020 | $24,272[5] | $9,047 | 9.81% | 2.8 | 63.0% | |
| 2 | CMBS B-Piece | Various | Multifamily | 2/11/2020 | 28,581[5] | 10,839 | 10.67% | 3.6 | 60.7% | |
| 3 | CMBS B-Piece | Various | Multifamily | 4/23/2020 | 81,999[5] | 28,390 | 3.62% | 6.8 | 65.6% | |
| 4 | CMBS B-Piece | Various | Multifamily | 7/30/2020 | 19,316[5] | 9,072 | 13.67% | 4.2 | 65.4% | |
| 5 | CMBS B-Piece | Various | Multifamily | 8/6/2020 | 108,643[5] | 23,413 | 0.00% | 7.2 | 69.4% | |
| 6 | CMBS B-Piece | Various | Multifamily | 4/20/2021 | 43,052[5] | 16,919 | 10.78% | 7.8 | 71.5% | |
| 7 | CMBS B-Piece | Various | Multifamily | 6/30/2021 | 108,305[5] | 27,047 | 0.00% | 3.7 | 71.8% | |
| 8 | CMBS B-Piece | Various | Multifamily | 12/9/2021 | 54,436[5] | 19,324 | 9.78% | 1.5 | 75.3% | |
| 9 | CMBS B-Piece | Various | Multifamily | 5/2/2022 | 35,014[5] | 10,583 | 4.36% | 15.6 | 61.3% | |
| 10 | CMBS B-Piece | Various | Multifamily | 7/28/2022 | 70,476[5] | 25,387 | 9.78% | 6.2 | 61.6% | |
| | **Total CMBS B-Piece** | | | | **574,094** | **180,021** | **5.12%** | **5.9** | **67.7%** | |

# Portfolio

$s IN 0,000s EXCEPT PER SHARE DATA

| # | Investment[1] | Location | Property Type | Investment Date | Current Principal | Net Equity[2] | Coupon[3] | Remaining Term[4] | Loan to Value | DSCR |
|---|---|---|---|---|---|---|---|---|---|---|
| 1 | CMBS IO Strip | Various | Multifamily | 5/18/2020 | $2,436[6] | $550 | 2.09% | 23.4 | 71.8% | |
| 2 | CMBS IO Strip | Various | Multifamily | 8/6/2020 | 19,695[6] | 4,998 | 3.08% | 7.2 | 69.4% | |
| 3 | CMBS IO Strip | Various | Multifamily | 4/28/2021[7] | 6,423[6] | 1,385 | 1.71% | 6.7 | 65.6% | |
| 4 | CMBS IO Strip | Various | Multifamily | 5/27/2021 | 4,185[6] | 1,134 | 3.50% | 7.1 | 68.4% | |
| 5 | CMBS IO Strip | Various | Multifamily | 6/7/2021 | 501[6] | 134 | 2.39% | 5.6 | 63.4% | |
| 6 | CMBS IO Strip | Various | Multifamily | 6/11/2021[8] | 9,832[6] | 1,562 | 1.33% | 6.1 | 61.4% | |
| 7 | CMBS IO Strip | Various | Multifamily | 6/21/2021 | 1,793[6] | 441 | 1.29% | 7.1 | 62.7% | |
| 8 | CMBS IO Strip | Various | Multifamily | 8/10/2021 | 2,889[6] | 700 | 1.96% | 6.5 | 71.0% | |
| 9 | CMBS IO Strip | Various | Multifamily | 8/11/2021 | 1,528[6] | 432 | 3.20% | 8.2 | 66.3% | |
| 10 | CMBS IO Strip | Various | Multifamily | 8/24/2021 | 286[6] | 260 | 2.70% | 7.7 | 61.3% | |
| 11 | CMBS IO Strip | Various | Multifamily | 9/1/2021 | 4,293[6] | 3,887 | 2.04% | 7.2 | 65.8% | |
| 12 | CMBS IO Strip | Various | Multifamily | 9/11/2021 | 4,393[6] | 3,984 | 3.05% | 8.2 | 62.7% | |
| | **Total CMBS IO Strip** | | | | **58,254** | **19,467** | **2.43%** | **7.7** | **66.6%** | |
| 1 | Mezzanine | Houston, TX | Multifamily | 6/12/2020 | $7,500 | $7,500 | 11.00% | 1.2 | 79.3% | |
| 2 | Mezzanine | Philadelphia, PA | Multifamily | 10/20/2020 | 14,253 | 5,917 | 7.59% | 6.1 | 89.4% | |
| 3 | Mezzanine | Laurel, MD | Multifamily | 10/20/2020 | 12,000 | 4,986 | 7.71% | 7.9 | 84.9% | |
| 4 | Mezzanine | White Marsh, MD | Multifamily | 10/20/2020 | 10,380 | 4,314 | 7.42% | 8.2 | 84.8% | |
| 5 | Mezzanine | Cockeysville, MD | Multifamily | 10/20/2020 | 9,610 | 3,994 | 7.42% | 8.2 | 84.3% | |
| 6 | Mezzanine | Laurel, MD | Multifamily | 10/20/2020 | 7,390 | 3,071 | 7.42% | 8.2 | 80.3% | |
| 7 | Mezzanine | North Aurora, IL | Multifamily | 10/20/2020 | 6,829 | 2,822 | 7.53% | 5.7 | 71.0% | |
| 8 | Mezzanine | Lakewood, NJ | Multifamily | 10/20/2020 | 5,540 | 2,291 | 7.33% | 6.0 | 81.1% | |
| 9 | Mezzanine | Wilmington, DE | Multifamily | 10/20/2020 | 5,470 | 2,263 | 7.50% | 6.0 | 89.3% | |
| 10 | Mezzanine | Urbandale, IA | Multifamily | 10/20/2020 | 4,010 | 1,657 | 7.89% | 5.6 | 83.8% | |
| 11 | Mezzanine | Daytona Beach, FL | Multifamily | 10/20/2020 | 3,700 | 1,528 | 7.83% | 5.4 | 81.5% | |
| 12 | Mezzanine | Rosedale, MD | Multifamily | 10/20/2020 | 3,620 | 1,504 | 7.42% | 8.4 | 83.3% | |

# Portfolio

$s IN 0,000s EXCEPT PER SHARE DATA

| # | Investment[1] | Location | Property Type | Investment Date | Current Principal | Net Equity[2] | Coupon[3] | Remaining Term[4] | Loan to Value | DSCR |
|---|---|---|---|---|---|---|---|---|---|---|
| 13 | Mezzanine | Atlanta, GA | Multifamily | 10/20/2020 | $3,310 | $1,369 | 6.91% | 6.2 | 80.3% | |
| 14 | Mezzanine | Temple Hills, MD | Multifamily | 10/20/2020 | 3,000 | 1,247 | 7.32% | 8.3 | 83.1% | |
| 15 | Mezzanine | Des Moines, IA | Multifamily | 10/20/2020 | 2,880 | 1,190 | 7.89% | 5.6 | 81.6% | |
| 16 | Mezzanine | Tyler, TX | Multifamily | 10/20/2020 | 2,135 | 882 | 7.74% | 5.4 | 83.1% | |
| 17 | Mezzanine | Temple Hills, MD | Multifamily | 10/20/2020 | 1,500 | 623 | 7.22% | 8.3 | 78.6% | |
| 18 | Mezzanine | Las Vegas, NV | Multifamily | 10/20/2020 | 1,190 | 492 | 7.71% | 5.8 | 75.5% | |
| 19 | Mezzanine | Irving, TX | Multifamily | 11/18/2021 | 12,600 | 12,494 | 15.75% | 5.6 | 91.9% | |
| 20 | Mezzanine | Rogers, AR | Multifamily | 12/29/2021 | 7,760 | 7,695 | 15.75% | 1.7 | 86.6% | |
| 21 | Mezzanine | Rogers, AR | Multifamily | 6/9/2022 | 4,500 | 4,466 | 15.50% | 2.4 | 95.2% | |
| 22 | Mezzanine | Kirkland, WA | Multifamily | 10/5/2022 | 4,030 | 3,993 | 15.50% | 4.5 | 73.7% | |
| | **Total Mezzanine** | | | | **133,207** | **76,298** | **9.49%** | **6.0** | **84.2%** | |
| 1 | Preferred Equity | Houston, TX | Multifamily | 5/29/2020 | $10,000 | $10,000 | 11.00% | 7.0 | 73.4% | |
| 2 | Preferred Equity | Holly Springs, NC | Life Sciences | 9/29/2021 | 8,806 | 8,806 | 10.00% | 0.4 | N/A | |
| 3 | Preferred Equity | Atlanta , GA | Multifamily | 10/26/2021 | 9,750 | 9,695 | 11.00% | 1.5 | 92.3% | |
| 4 | Preferred Equity | Las Vegas, NV | Multifamily | 12/28/2021[9] | 24,566 | 24,566 | 10.50% | 8.8 | 58.8% | |
| 5 | Preferred Equity | Vacaville, CA | Life Sciences | 1/14/2022 | 21,207 | 21,207 | 10.00% | 0.4 | 22.7% | |
| 6 | Preferred Equity | Beaumont , TX | Self-Storage | 4/7/2022[10] | 4,000 | 3,964 | 14.75% | 7.3 | N/A | |
| 7 | Preferred Equity | Temple, TX | Self-Storage | 6/8/2022 | 4,000 | 3,963 | 14.03% | 7.3 | N/A | |
| 8 | Preferred Equity | Medley , FL | Self-Storage | 7/1/2022 | 9,000 | 8,922 | 11.00% | 4.2 | 96.2% | |
| 9 | Preferred Equity | Plano , TX | Multifamily | 8/10/2022 | 8,500 | 8,430 | 15.59% | 2.4 | 81.8% | |
| 10 | Preferred Equity | Fort Worth, TX | Multifamily | 9/30/2022 | 9,000 | 8,921 | 14.50% | 2.4 | 78.2% | |
| 11 | Preferred Equity | Woodbury, MN | Life Sciences | 10/19/2022 | 15,000 | 14,925 | 10.00% | 0.4 | 77.1% | |
| 12 | Preferred Equity | Forney, TX | SFR | 2/10/2023 | 14,000 | 13,860 | 11.00% | 1.8 | N/A | |
| 13 | Preferred Equity | Richmond, VA | SFR | 2/24/2023 | 11,200 | 11,088 | 11.00% | 1.8 | N/A | |
| 14 | Preferred Equity | Temecula, CA | Life Sciences | 4/6/2023 | 21,106 | 21,000 | 10.00% | 0.4 | 62.2% | |
| | **Total Preferred** | | | | **170,135** | **169,347** | **11.11%** | **3.0** | **64.7%** | |

# Portfolio

$s IN 0,000s EXCEPT PER SHARE DATA

| # | Investment[1] | Location | Property Type | Investment Date | Current Principal | Net Equity[2] | Coupon[3] | Remaining Term[4] | Loan to Value | DSCR |
|---|---|---|---|---|---|---|---|---|---|---|
| 1 | MSCR Note | Various | Multifamily | 5/25/2022 | $4,000 | $2,000 | 14.06% | 29.1 | 61.3% | |
| 2 | MSCR Note | Various | Multifamily | 5/25/2022 | 5,000 | 2,130 | 11.06% | 29.1 | 61.3% | |
| 3 | MSCR Note | Various | Multifamily | 9/23/2022 | 1,500 | 615 | 11.41% | 28.6 | 61.8% | |
| | **Total MSCR Note** | | | | **10,500** | **4,745** | **12.25%** | **29.0** | **61.4%** | |
| 1 | Mortgage-Backed Security | Various | SFR | 6/1/2022 | $10,074 | $2,327 | 4.87% | 2.6 | 92.0% | |
| 2 | Mortgage-Backed Security | Various | SFR | 6/1/2022 | 10,419 | 3,530 | 7.89% | 3.0 | 94.4% | |
| 3 | Mortgage-Backed Security | Various | SFR | 7/28/2022 | 575 | 269 | 6.23% | 4.5 | 94.9% | |
| 4 | Mortgage-Backed Security | Various | SFR | 7/28/2022 | 1,057 | 368 | 3.60% | 5.2 | 95.0% | |
| 5 | Mortgage-Backed Security | Various | Multifamily | 9/12/2022 | 3,955 | 1,586 | 10.78% | 7.7 | 73.3% | |
| 6 | Mortgage-Backed Security | Various | Self-Storage | 9/29/2022 | 8,000 | 7,826 | 10.61% | 4.4 | 66.7% | |
| 7 | Mortgage-Backed Security | Various | Multifamily | 3/10/2023 | 5,747 | 2,261 | 13.17% | 1.8 | 64.1% | |
| | **Total Mortgage-Backed Security** | | | | **39,827** | **18,167** | **8.58%** | **3.5** | **81.8%** | |
| 1 | Common Stock | N/A | Self-Storage | 11/6/2020 | N/A | $50,145 | N/A | N/A | N/A | |
| 2 | Common Stock | N/A | Ground Lease | 12/28/2021 | N/A | 26,853 | N/A | N/A | N/A | |
| 3 | Common Stock | N/A | SFR | 2/10/2023 | N/A | 500 | N/A | N/A | N/A | |
| 4 | Common Stock | N/A | SFR | 2/24/2023 | N/A | 500 | N/A | N/A | N/A | |
| | **Total Common Stock** | | | | **N/A** | **$77,998** | **N/A** | **N/A** | **N/A** | |
| 1 | Multifamily Property | Charlotte, NC | Multifamily | 12/31/2021[11] | N/A | $26,884 | N/A | N/A | N/A | |
| | **Portfolio Total** | | | | **$1,673,485** | **$669,919** | **5.84%** | **5.4** | **68.7%** | **1.90x** |



*SEE FOOTNOTES ON FOLLOWING PAGE

# Portfolio

$s IN 0,000s EXCEPT PER SHARE DATA

(1) OUR TOTAL PORTFOLIO REPRESENTS THE CURRENT PRINCIPAL AMOUNT OF THE CONSOLIDATED SFR LOANS, CMBS I/O STRIPS, MEZZANINE LOANS, PREFERRED EQUITY, MULTIFAMILY PROPERTY, MSCR NOTES AND MORTGAGE BACKED SECURITIES AS WELL AS THE NET EQUITY OF OUR CMBS B-PIECE INVESTMENTS.
(2) NET EQUITY REPRESENTS THE CARRYING VALUE LESS BORROWINGS COLLATERALIZED BY THE INVESTMENT.
(3) THE WEIGHTED AVERAGE COUPON IS WEIGHTED ON THE CURRENT PRINCIPAL BALANCE.
(4) THE WEIGHTED-AVERAGE LIFE IS WEIGHTED ON CURRENT PRINCIPAL BALANCE AND ASSUMES NO PREPAYMENTS. THE MATURITY DATE FOR PREFERRED EQUITY INVESTMENTS REPRESENTS THE MATURITY DATE OF THE SENIOR MORTGAGE, AS THE PREFERRED EQUITY INVESTMENTS REQUIRE REPAYMENT UPON THE SALE OR REFINANCING OF THE ASSET.
(5) THE CMBS B-PIECES ARE SHOWN ON AN UNCONSOLIDATED BASIS REFLECTING THE VALUE OF OUR INVESTMENTS.
(6) THE NUMBER SHOWN REPRESENTS THE NOTIONAL VALUE ON WHICH INTEREST IS CALCULATED FOR THE CMBS I/O STRIPS. CMBS I/O STRIPS RECEIVE NO PRINCIPAL PAYMENTS AND THE NOTIONAL VALUE DECREASES AS THE UNDERLYING LOANS ARE PAID OFF.
(7) THE COMPANY, THROUGH THE SUBSIDIARY OPS, PURCHASED APPROXIMATELY $50.0 MILLION AND $15.0 MILLION AGGREGATE NOTIONAL AMOUNT OF THE X1 INTEREST-ONLY TRANCHE OF THE FHMS K-107 CMBS I/O STRIP ON APRIL 28, 2021 AND MAY 4, 2021, RESPECTIVELY.
(8) THE COMPANY, THROUGH THE SUBSIDIARY OPS, PURCHASED APPROXIMATELY $80.0 MILLION, $35.0 MILLION, $40.0 MILLION AD $50.0 MILLION AGGREGATE NOTIONAL AMOUNT OF THE X1 INTEREST-ONLY TRANCHE OF THE FRESB 2019-SB64 CMBS I/O STRIP ON JUNE 11, 2021 AND SEPTEMBER 29, 2021, FEBRUARY 3, 2022 AND MARCH 18, 2022, RESPECTIVELY.
(9) THE COMPANY, THROUGH THE SUBSIDIARY OPS, INVESTED $5.0 MILLION, $1.8 MILLION, $40.1 MILLION AND $18.5 MILLION IN THIS PREFERRED EQUITY INVESTMENT ON DECEMBER 28, 2021, JANUARY 27, 2022, FEBRUARY 1, 2022 AND JULY 6, 2022, RESPECTIVELY.
(10) THE COMPANY, THROUGH THE SUBSIDIARY OPS, INVESTED $2.7 MILLION AND $1.3 MILLION IN THIS PREFERRED EQUITY INVESTMENT ON APRIL 7, 2022 AND MAY 3, 2022, RESPECTIVELY.
(11) REAL ESTATE IS A 204-UNIT MULTIFAMILY PROPERTY.

# Financials

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

## Income Statement

| For the three months ended | Mar. 31, 2023 | Dec. 31, 2022 |
|---|---|---|
| Interest income | $16,161 | $15,568 |
| Interest expense | (12,212) | (11,648) |
| Net interest income | 3,949 | 3,920 |
| Other income (loss) | 10,949 | 904 |
| Total operating expenses | (5,520) | (6,790) |
| **Net income (loss)** | **9,378** | **(1,966)** |
| Preferred stock dividends | (874) | (882) |
| Net (income) loss attributable to redeemable NCI | (1,937) | 110 |
| Net (income) loss attributable to redeemable NCI in subsidiaries | - | (995) |
| **Net income (loss) attributable to common stockholders** | **$6,567** | **$(3,733)** |
| Weighted average common shares outstanding, diluted | 22,678 | 15,163 |
| **Net income (loss) per share, diluted** | **$0.37** | **$(0.25)** |

## Book Value

| | Mar 31, 2023 | Dec. 31, 2022 |
|---|---|---|
| Common stockholders' equity | $339,659 | $346,474 |
| Redeemable noncontrolling interests in the OP | 95,712 | 96,501 |
| **Total equity** | **$435,371** | **$442,975** |
| | | |
| Redeemable OP units | 5,038 | 5,038 |
| Common shares outstanding | 17,184 | 17,080 |
| **Combined book value per share** | **$19.59** | **$20.03** |

## Balance Sheet

| | March 31, 2023 | December 31, 2022 |
|---|---|---|
| Cash and cash equivalents | $38,830 | $20,048 |
| Restricted cash | 1,495 | 299 |
| Real estate investment, net | 59,072 | 245,222 |
| Loans, held-for-investment, net | 284,548 | 256,147 |
| Common stock investments, at fair value | 77,998 | 78,264 |
| Mortgage loans, held-for-investment, net | 723,343 | 726,531 |
| Accrued interest and dividends | 17,467 | 15,665 |
| Mortgage loans held in variable interest entities, at fair value | 6,747,377 | 6,720,246 |
| CMBS structured pass-through certificates, at fair value | 44,308 | 46,876 |
| MSCR notes, at fair value | 10,015 | 10,313 |
| Mortgage-backed securities | 37,007 | 32,328 |
| Accounts receivable and other Assets | 1,106 | 2,197 |
| **Total Assets** | **$8,042,566** | **$8,154,136** |
| Secured financing agreements, net | $687,480 | $687,885 |
| Master repurchase agreements | 350,399 | 331,020 |
| Unsecured Notes, net | 205,176 | 204,960 |
| Mortgages payable, net | 32,235 | 121,236 |
| Accounts payable and other accrued liabilities | 5,377 | 6,231 |
| Accrued interest payable | 10,189 | 7,986 |
| Bonds payable held in variable interest entities, at fair value | 6,278,734 | 6,249,804 |
| **Total Liabilities** | **7,569,590** | **7,609,122** |
| Redeemable NCI in the Operating Partnership | 95,712 | 96,501 |
| Total Stockholders Equity | 377,264 | 448,513 |
| **Total Liabilities and Stockholders' Equity** | **$8,042,566** | **$8,154,136** |

# Reconciliations

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

## Reconciliation of Net Income (Loss) to Earnings Available for Distribution

| | 1Q 2023 | 4Q 2022 | 3Q 2022 | 2Q 2022 | 1Q 2022 | 4Q 2021 | 3Q 2021 | 2Q 2021 | 1Q 2021 |
|---|---|---|---|---|---|---|---|---|---|
| Net income attributable to common stockholders | $6,567 | $(3,733) | $(9,289) | $3,850 | $12,406 | $12,435 | $13,233 | $5,542 | $8,367 |
| Net income attributable to redeemable noncontrolling interests | 1,937 | (111) | (1,889) | 2,186 | 4,783 | 7,640 | 11,084 | 5,834 | 15,829 |
| Adjustments: | | | | | | | | | |
| Amortization of stock-based compensation | 847 | 872 | 870 | 871 | 673 | 538 | 538 | 557 | 391 |
| Provision for (reversal of) credit losses net | (34) | - | - | - | - | - | - | - | 124 |
| Unrealized (gains) or losses | 2,564 | 12,563 | 19,473 | 4,184 | 8,545 | (8,832) | (14,336) | (3,859) | (16,476) |
| **Earnings Available for Distribution** | **$11,881** | **$9,591** | **$9,165** | **$11,091** | **$26,407** | **$11,781** | **$10,519** | **$8,074** | **$8,235** |
| | | | | | | | | | |
| Weighted average common shares outstanding, basic | 17,118 | 15,163 | 14,962 | 14,748 | 13,696 | 9,163 | 6,863 | 5,306 | 5,023 |
| Weighted average common shares outstanding, diluted[1] | 22,678 | 22,696 | 22,678 | 22,494 | 22,030 | 21,911 | 20,712 | 19,603 | 19,199 |
| | | | | | | | | | |
| **EPS per diluted weighted average share[1]** | **$0.37** | **$(0.17)** | **$(0.49)** | **$0.27** | **$0.78** | **$0.92** | **$1.17** | **$0.58** | **$1.26** |
| **EAD per diluted weighted average share[1]** | **$0.52** | **$0.42** | **$0.40** | **$0.49** | **$1.20** | **$0.54** | **$0.51** | **$0.41** | **$0.43** |
| **Dividend per common share** | **$0.500** | **$0.500** | **$0.500** | **$0.500** | **$0.500** | **$0.475** | **$0.475** | **$0.475** | **$0.475** |
| **Net income dividend coverage ratio** | **0.74x** | **(0.33)x** | **(0.82)x** | **0.34x** | **1.13x** | **1.94x** | **2.46x** | **1.22x** | **2.65x** |
| **EAD dividend coverage ratio** | **1.04x** | **0.84x** | **0.80x** | **0.98x** | **2.40x** | **1.14x** | **1.07x** | **0.86x** | **0.91x** |

(1) WEIGHTED AVERAGE DILUTED SHARES ASSUMES VESTING OF ALL OUTSTANDING UNVESTED RESTRICTED STOCK UNITS AND CONVERSION OF ALL REDEEMABLE NON-CONTROLLING INTERESTS

# Reconciliations

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

## Reconciliation of Earnings Available for Distribution to CAD

| | 1Q 2023 | 4Q 2022 | 3Q 2022 | 2Q 2022 | 1Q 2022 | 4Q 2021 | 3Q 2021 | 2Q 2021 | 1Q 2021 |
|---|---|---|---|---|---|---|---|---|---|
| Earnings Available for Distribution | $11,881 | $9,591 | $9,165 | $11,091 | $26,407 | $11,781 | $10,519 | $8,074 | $8,235 |
| Adjustments: | | | | | | | | | |
| Amortization of premiums | 3,531 | 3,663 | 3,425 | 3,854 | 9,900 | 5,337 | 5,390 | 2,808 | 2,516 |
| Accretion of discounts | (3,500) | (3,521) | (3,517) | (3,244) | (3,030) | (3,271) | (2,976) | (1,680) | (1,668) |
| Amortization and depreciation | 476 | 460 | 545 | 946 | 944 | - | - | - | - |
| Amortization of deferred financing costs | 11 | 12 | 12 | 12 | 12 | - | - | - | - |
| **Cash Available for Distribution** | **$12,399** | **$10,203** | **$9,630** | **$12,659** | **$34,233** | **$13,847** | **$12,933** | **$9,202** | **$9,083** |
| | | | | | | | | | |
| Weighted average common shares outstanding, basic | 17,118 | 15,163 | 14,962 | 14,748 | 13,696 | 9,163 | 6,863 | 5,306 | 5,023 |
| Weighted average common shares outstanding, diluted[1] | 22,678 | 22,696 | 22,678 | 22,494 | 22,030 | 21,911 | 20,721 | 19,603 | 19,199 |
| | | | | | | | | | |
| **EPS per diluted weighted average share[1]** | **$0.37** | **$(0.17)** | **$(0.49)** | **$0.27** | **$0.78** | **$0.92** | **$1.17** | **$0.58** | **$1.26** |
| **CAD per diluted weighted average share[1]** | **$0.55** | **$0.45** | **$0.42** | **$0.56** | **$1.55** | **$0.63** | **$0.62** | **$0.47** | **$0.47** |
| **Dividend per common share** | **$0.500** | **$0.500** | **$0.500** | **$0.500** | **$0.500** | **$0.475** | **$0.475** | **$0.475** | **$0.475** |
| **Net income dividend coverage ratio** | **0.74x** | **(0.33)x** | **(0.82)x** | **0.34x** | **1.13x** | **1.94x** | **2.46x** | **1.22x** | **2.65x** |
| **CAD dividend coverage ratio** | **1.10x** | **0.90x** | **0.84x** | **1.12x** | **3.10x** | **1.33x** | **1.31x** | **0.99x** | **0.99x** |

(1) WEIGHTED AVERAGE DILUTED SHARES ASSUMES VESTING OF ALL OUTSTANDING UNVESTED RESTRICTED STOCK UNITS AND CONVERSION OF ALL REDEEMABLE NON-CONTROLLING INTERESTS

# CONTACT

**NEXPOINT REAL ESTATE FINANCE (NYSE:NREF)**

300 Crescent Court, Suite 700
Dallas, Texas 75201
(w) nref.nexpoint.com

**INVESTOR RELATIONS**
Kristen Thomas
(p) 214.908.1854
(e) kthomas@nexpoint.com



NEXPOINT
REAL ESTATE ADVISORS