



July 26, 2024

## Dear UDF IV Shareholder,

You may have recently received a letter and proxy voting materials from NexPoint Real Estate Opportunities, LLC and its affiliates (collectively, “NexPoint”) regarding its dissident trustee nominations at the 2024 Annual Meeting of Shareholders to be held later this year. **We urge shareholders to take no action at this time — do not fill out and return the GREEN proxy voting card provided by NexPoint.**

NexPoint’s materials include claims that are grounded in misinformation and intended to distract from the actions we’ve taken to position the Trust to drive long-term value for the benefit of all shareholders. Further, we believe NexPoint is rushing out its proxy materials in an attempt to pressure shareholders into supporting its self-interested campaign before they have the opportunity to receive and review United Development Funding IV’s (“UDF IV” or the “Trust”) proxy statement.

We are finalizing our proxy materials and expect to mail them to shareholders in the coming days. We will also post them on [UDFforShareholders.com](https://UDFforShareholders.com). **We urge shareholders to wait to vote on the WHITE proxy card that will be included in UDF IV’s proxy materials to support the UDF IV Board of Trustees (the “Board”) and management team that are taking action to protect your investment.**

The unfortunate truth is that for the last 5+ years, NexPoint has attempted to take over management of the Trust, causing significant disruption to the Trust’s operations and coming at the expense of shareholders’ hard-earned dollars.



In 2020, NexPoint launched a hostile tender offer, which it extended 13 times, to purchase Trust shares at the bargain basement price of \$1.10 per share, or approximately a 90% discount to the Trust’s book value per share at the time.



NexPoint has launched numerous frivolous lawsuits against the Trust — including a defamation suit — forcing the Trust to spend resources that could otherwise be used for the benefit of shareholders.

Additionally, NexPoint’s principals — including its founder, James Dondero — have engaged in a litany of actions that create considerable cause for concern regarding their integrity, character and willingness to do right by the investors they claim to represent.

**It is clear from NexPoint’s latest letter that they have no viable plan to enhance value for UDF IV shareholders. Their materials reinforce our belief that NexPoint’s true motivation behind its proxy contest is to extract the value of the Trust’s portfolio for themselves to the detriment of all other shareholders. In addition, NexPoint’s slate of nominees includes three close affiliates of NexPoint and / or James Dondero. We believe that NexPoint’s nominees’ sole focus will be to advance the hedge fund’s self-interested campaign.**



Despite NexPoint's persistent attempts to undermine the Trust, the Board and management team have acted, and continue to act, to protect and promote the interests of the Trust's shareholders.



**The Board has paid cash distributions of approximately \$38 million, or approximately \$1.24 per share, to shareholders**

since reinstating distributions in the third quarter of 2019 — far more than the \$1.10 per share NexPoint offered to pay shareholders for their Trust shares. Cash distributions paid since inception total approximately \$186 million, equating to approximately \$6.06 per share.



**The Trust has continued to actively and professionally manage its portfolio, including originating 9 new loans since 2020, committing to lend over \$70 million in total.**

Importantly, 8 of these loans funded new phases of projects for which the Trust has current loans in its portfolio, **which we expect will accelerate the completion of these existing projects.**



**The Trust maintains transparent communication with shareholders**

and recently mailed its annual letter to shareholders and audited financial statements for the year ending December 31, 2023 to all shareholders. These materials are also available at [UDFforShareholders.com](https://UDFforShareholders.com).

**We will provide additional information regarding the 2024 Annual Meeting of Shareholders and the election of members of the Board of Trustees in the proxy materials that we expect to mail in the coming days. Please wait to vote on the WHITE proxy card included in the UDF IV proxy materials, and discard any green or other color proxy card sent to you by NexPoint.**

These proxy materials and other important information related to the 2024 Annual Meeting of Shareholders will be made available to shareholders at [UDFforShareholders.com](https://UDFforShareholders.com).

Sincerely,

The UDF IV Board of Trustees

**If you have any questions or require any assistance voting your shares, please contact our proxy solicitor:**

**Innisfree  
M&A Incorporated**

1 (877) 750-9496  
(toll-free from the U.S. and Canada)

+1 (412) 232 3651  
(from other countries)

#### **Forward-Looking Statements**

This letter contains forward-looking statements relating to, among other things: UDF IV's 2024 Annual Meeting of Shareholders and proxy materials for the meeting, UDF IV's expectations regarding certain projects for which the Trust has provided funding and positioning the Trust to drive long-term value for the benefit of all shareholders. These forward-looking statements are based on management's current expectations and are not guarantees of future performance or future events. Such forward-looking statements generally can be identified by our use of forward-looking terminology such as "may," "will," "expect," "intend," "anticipate," "estimate," "believe," or other similar words. Readers should be aware that there are various factors, many of which are beyond UDF IV's control, which could cause actual results to differ materially from any forward-looking statements made in this correspondence including, among others: changes in general economic conditions the real estate market and the credit market and changes in interest rates. Accordingly, readers are cautioned not to place undue reliance on these forward-looking statements, which speak only as of the date of this correspondence. Forward-looking statements in this document speak only as of the date on which such statements were made, and UDF IV undertakes no obligation to update any such statements that may become untrue because of subsequent events.