

August 8, 2024

## Dear UDF IV Shareholders,

On behalf of your Board of Trustees, we want to thank you for your continued support and investment in United Development Funding IV (“UDF IV” or the “Trust”). It is our privilege to be stewards of your capital, and we remain focused on actively overseeing the UDF IV management team and advisors as they work to maximize returns for shareholders.

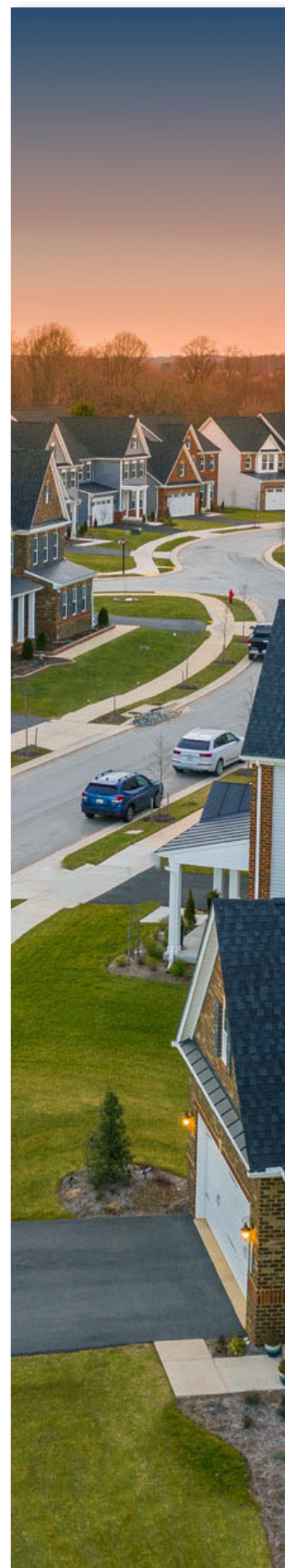
Over the last several years, we have navigated extraordinary challenges. During this time, we have been and continue to be focused on our duty to safeguard the Trust’s assets and protect the value of your investment. We have implemented strategies that are driving improved repayments on loans, enhancing our financial profile and enabling us to continue our track record of returning capital to shareholders. All of our actions are guided by one central purpose – to enhance the value of your investment.

**Your Board of Trustees and management team have acted, and continue to act, to promote the interests of the Trust’s shareholders.** Under the guidance of our Board and management, UMTH General Services L.P. (our “Advisor”) continues to actively manage our portfolio, strengthen our balance sheet and explore options to enhance shareholder value.

**We continue to build on the Trust’s long history of paying cash distributions.** Since inception, UDF IV has paid cash distributions to its shareholders totaling approximately \$185.7 million – or approximately \$6.06 per share – including approximately \$8 million in 2023 and approximately \$4 million in the first two quarters of 2024. UDF IV has been deliberate in its approach to managing its assets and balancing the goals of cash generation and maximizing the value of each loan. We believe the Trust is now positioned to begin making greater cash distributions to its shareholders.

### Our work is yielding meaningful results. For example:

- ☑ We have received or anticipate receiving amounts on certain impaired assets that are higher than the values reflected on the balance sheet as of the end of fiscal 2023, preserving and increasing the value of our portfolio.
- ☑ Our Advisor successfully negotiated the pledge of additional collateral from the borrowers of five loans with an aggregate outstanding balance of \$13.3 million, which is expected to generate approximately \$24 million in interest and add significant value for our shareholders in excess of the December 31, 2023 book value of these loans.
- ☑ Our Advisor collaborated with one of our borrowers to improve the collateral securing a \$15 million loan, which currently has an \$8.4 million reserve recorded against the principal. We now expect proceeds of this collateral to fully repay the principal of this loan.
- ☑ Finally, we facilitated funding from a senior lender for one of our borrowers to develop 348 finished lots, enhancing the collateral securing our notes receivable. As a result, all principal owed on this note was repaid by the borrower upon the sale of the lots, as well as approximately \$7.3 million in accrued interest.



In the first half of 2023, the Trust's portfolio reached an inflection point when the cash expected from loan repayments surpassed the cash that we anticipate our borrowers will require for improvements to the projects collateralizing our development loans. These positive outcomes are the result of our careful, measured approach to maximizing the repayment potential of certain loans in our portfolio.

For more information about our portfolio and financial performance, we would encourage you to read our recent [shareholder update](#), which includes audited financial statements for 2023.

**Despite our work to protect your investment, NexPoint Real Estate Opportunities, LLC, an indirect subsidiary of NexPoint Diversified Residential Trust (NXDT), and its affiliates (collectively, "NexPoint") continue to pursue a self-interested campaign at the expense of all UDF IV shareholders.** As you may know, NexPoint submitted a slate of dissident trustee nominations to take control of the Board at the 2024 Annual Meeting of Shareholders. According to public filings, James Dondero – NexPoint's founder – and his affiliates have been found by a variety of courts, arbitration panels, and administrative tribunals to have breached their fiduciary duties to investors, and engaged in intentional fraudulent transfers, willful misconduct and self-dealing. His controlling slate of trustee nominees includes three close affiliates, and all of his nominees are connected to companies that we believe have poor track records of corporate governance and/or overseeing shareholder capital.

NexPoint has made continued attempts to undermine the Trust, including launching a hostile tender offer at a **90% discount** to the Trust's book value and filing numerous frivolous lawsuits against us. We believe the true motivation behind its nominations is to **extract the value of the Trust's portfolio for its own benefit and to the detriment of all other shareholders like you.** Their recent proxy materials confirmed our suspicions, as they do not present a single viable plan to enhance value for UDF IV shareholders.

**You face a critical decision regarding the future of your investment.** UDF IV will hold an Annual Shareholder Meeting in the fourth quarter of 2024 (the "Annual Meeting"), at which shareholders will have the opportunity to continue UDF IV's work to protect and enhance shareholder value by reelecting the four independent Trustees- Steven J. Finkle, Lawrence S. Jones, J. Heath Malone and Phillip K. Marshall– who oversee our efforts to protect the value of your investment. We urge you to vote "FOR" ONLY the four nominees proposed by the Board of Trustees on the **WHITE** proxy card included in the enclosed UDF IV proxy materials. **Please discard any green or other color proxy card sent to you by NexPoint as it may not include the accurate and complete information to which shareholders are entitled.**

We will share additional information regarding the Annual Meeting in the months ahead and encourage shareholders to visit [UDFforShareholders.com](http://UDFforShareholders.com) for further details.

Your Board is committed to maintaining open and transparent communication, and continuing to take action to enhance our portfolio, generate significant cash and drive compelling shareholder returns.

Thank you again for your continued support.

Sincerely,  
The UDF IV Board of Trustees

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

**Innisfree**  
**M&A Incorporated**

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

This letter contains forward-looking statements relating to, among other things: UDF IV's 2024 Annual Meeting of Shareholders; UDF IV's expectations regarding its recovery with respect to certain impaired assets and certain projects for which the Trust has provided funding; and UDF IV's ability to make greater cash distributions to 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 in 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 its forward-looking statements, whether as a result of new information, future events or otherwise.