

September 18, 2024

## Dear UDF IV Shareholders,

Your Board of Trustees and management team are focused on safeguarding the Trust's assets and protecting shareholder value, and continue to build on the Trust's long history of paying cash distributions.

Despite our work to enhance the value of your investment, NexPoint Real Estate Opportunities, LLC, an indirect subsidiary of NexPoint Diversified Real Estate Trust (NXDT), and its affiliates (collectively, "NexPoint") are attempting to remove your Board Trustees and replace them with a hand-picked slate of nominees at the 2024 Annual Meeting of Shareholders to advance their self-serving campaign.

### Your vote will determine the fate of UDF IV. We urge you to carefully consider key questions regarding NexPoint's campaign as you make your voting decision:

#### NexPoint has made claims regarding their work to protect UDF IV shareholders, but what have they really done?

- NexPoint has attempted to take over management of the Trust for the past five years, causing significant disruption to our operations and undermining shareholders' interests.
- NexPoint has launched numerous frivolous lawsuits against the Trust — including a defamation suit — forcing the Trust to waste resources that could otherwise be used for the benefit of shareholders.
- 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, representing approximately a 90% discount to the Trust's book value per share at the time.
- This means that all that NexPoint has truly done is attempt to deprive you of the distributions your Board continues to deliver.**



The fact is, the \$1.24 per share in distributions that we have paid to shareholders since the third quarter of 2019 (\$1.37 per share including the recently announced \$0.13 per share distribution for the third quarter of 2024) is far more than the \$1.10 per share NexPoint was willing to offer shareholders for their Trust shares.

#### NexPoint has not presented a viable plan to enhance shareholder value.

- NexPoint is focused on twisting the facts and rehashing old events in an attempt to obscure their true motivations and distract from the Board's track record of delivering value to shareholders.

#### What is NexPoint's motive in nominating trustee candidates? What is NexPoint after?

- We believe NexPoint's true motivation is to extract the value of the Trust's portfolio for its own benefit and to the detriment of all other shareholders.
- NexPoint has attempted to take over management of the Trust for the past five years, causing significant disruption to our operations and undermining shareholders' interests. By contrast, your current Board of Trustees remains laser-focused on enhancing the value of UDF IV's assets and generating distributions for UDF IV's shareholders.
- Given NexPoint has provided no substantive plan to enhance shareholder value at UDF IV, we suspect that NexPoint's nominations are simply the latest step in this ongoing, self-interested campaign.

## Are NexPoint's leaders' credible? Should I believe their statements regarding their intentions?

**Affiliates of James Dondero, NexPoint's founder, have engaged in willful misconduct and breached their fiduciary duty, and James Dondero and his affiliates are alleged to have engaged in fraudulent transfer of assets and self-dealing.**

- UBS Securities ("UBS") filed a lawsuit in New York State Supreme Court against James Dondero and several of his current or previous affiliates, claiming he schemed to prevent UBS from collecting \$1.3 billion in judgments UBS obtained against entities managed indirectly by Highland Capital Management, L.P. See UBS Securities LLC v. Dondero, New York State Supreme Court, New York County.
- The SEC issued an Order finding that Highland Capital Management LP, a now bankrupt investment firm co-founded by Dondero, willfully violated Section 206(3) of the Advisers Act. See Investment Advisers Act of 1940 Release No. 3939, Sept, 25, 2014.
- A JAMS arbitration panel found that ACIS Capital Management GP, LLC breached its fiduciary duty while James Dondero was an officer. See Terry v. Highland Capital et al, JAMS Arbitration No. 1310022713.

## How has NexPoint managed its own fund?

- A subsidiary of NexPoint Advisors is the advisor to NexPoint Diversified Real Estate Trust (NXDT), the NexPoint fund that owns UDF IV shares. Per NXDT's Q2 2024 Investor Presentation, as of June 30, 2024, NXDT was trading at a 70% discount to its Net Asset Value (NAV).
- As of August 16, 2024, the trading price of NXDT shares declined by 69.02% during the prior two years, while the S&P 500 benchmark index increased 29.01% during the same time period.

## The future of your investment is at stake.

**We ask that you vote "FOR" ONLY the Board's four nominees on the WHITE proxy card today to enable the UDF IV Board to continue to advance your interests and prevent NexPoint from successfully implementing what we expect will be a self-serving, value-destructive agenda.** If you have already voted on the green proxy card, you can still vote on the WHITE proxy card. Only your latest dated and validly cast vote will count.

Thank you again for your continued support.

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  
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### Forward-Looking Statements

This letter contains forward-looking statements relating to, among other things, the work of UDF IV's Board of Trustees and management team to enhance shareholder value and pay 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 release 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 letter. Forward-looking statements in this letter 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.