

The Future of Your Investment in UDF IV is at Stake

Vote **TODAY** to Protect Your Investment

November 22, 2024

Dear UDF IV Shareholders,

Your United Development Funding IV (“UDF IV” or the “Trust”) Board of Trustees and management team have acted, and continue to act, to protect and promote the interests of the Trust’s shareholders.

Despite our work to protect your investment, NexPoint Real Estate Opportunities, LLC, an indirect subsidiary of NexPoint Diversified Real Estate Trust (NXDT), and its affiliates (collectively, “NexPoint”) continue to pursue a self-interested campaign at the expense of all UDF IV shareholders. NexPoint has attempted to take over management of the Trust for the past five years, causing significant disruption to the Trust’s operations and undermining your investment.



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 like you.



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.



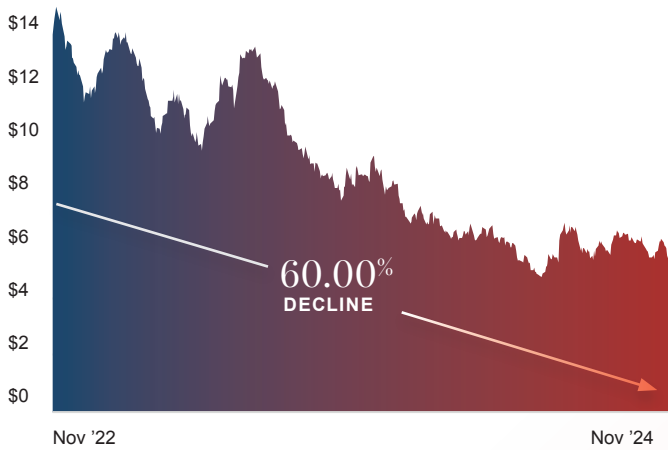
NexPoint’s nomination of a controlling slate of dissident trustees for election to the Trust’s Board is simply the latest step in NexPoint’s ongoing, self-interested campaign, which we believe is aimed at extracting the value of the Trust’s portfolio for its own benefit.

NexPoint's Management of NXDT Should Raise Serious Concerns for UDF IV Shareholders about what UDF IV Might Look Like Under NexPoint's Control

NXDT continues to perform poorly, losing over \$246 million since July 2022.

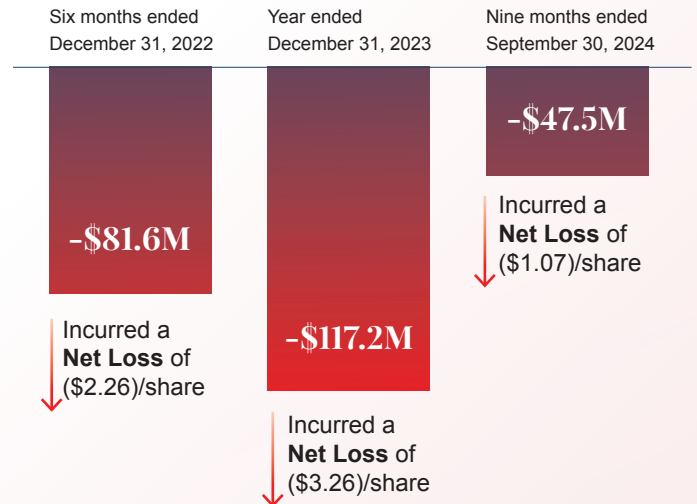
NXDT's Stock Price has Declined Significantly

S&P 500 benchmark index increased 49.80% during the same time period



Losses have mounted for NXDT

According to its own financial reports, NXDT has lost over \$246 million since July 2022.^{1,2}

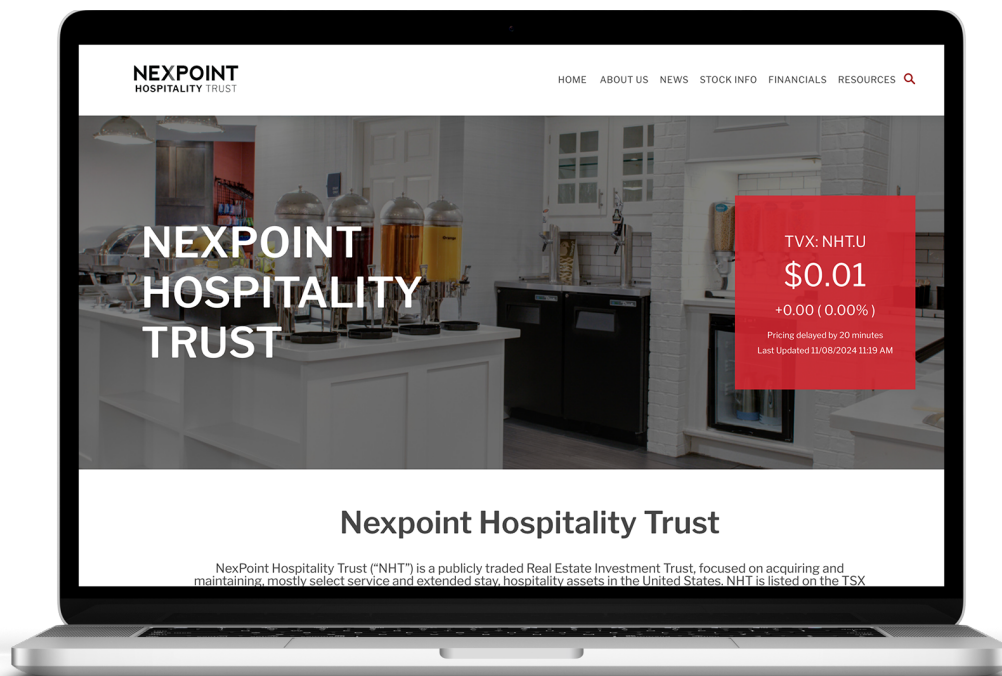


NXDT is not the only fund performing poorly under NexPoint management:

The performance of Highland Opportunities and Income Fund (NYSE: HFRO), a fund managed by NexPoint Asset Management, reflects a similar pattern of decline and its shares are trading near all-time lows.



The NexPoint Hospitality Trust, listed on the TSX Venture Exchange under symbol NHT.U, which is externally advised by NexPoint Real Estate Advisors VI, L.P., was recently quoted on its own website at \$0.01 per share on 11/8/2024.



NexPoint Chief Financial Officer Resignation

On November 8, 2024, NexPoint Diversified Real Estate Trust issued an 8K announcing the resignation of Brian Mitts from his positions as Chief Financial Officer, Executive VP-Finance, Treasurer and Assistant Secretary of NXDT and from all officer, director, and other positions at the Company's subsidiaries as of December 31, 2024.

At such a critical time, investors have to ask why is Mr. Mitts resigning now?



Concerns Regarding Allegedly False and Misleading Disclosures



A shareholder class action lawsuit naming James Dondero, NexPoint's founder, and John Good, one of the trustee candidates that NexPoint has nominated for election to your Board, as defendants raises serious concerns regarding allegedly false and misleading disclosures.

The lawsuit alleges that material information was omitted from a proxy statement relating to the sale of Jernigan Capital ("JCAP") to NexPoint in order to facilitate the sale at a discounted price.

The lawsuit also claims JCAP's merger proxy statement provided financial projections that conflicted with those used in a February 2020 transaction and the merger proxy statement failed to disclose enough information for shareholders to reconcile the disparity - and that both sets of projections were advantageous to JCAP management.

There is Still Time to Support the Board of Trustees that Is Taking Action to Deliver Value to You

Your UDF IV Board has actively overseen management as they have navigated extraordinary challenges with a steadfast focus on safeguarding the Trust's assets while building on the Trust's long history of cash distributions.

-  The Board has paid cash distributions of approximately \$41.9 million, or approximately \$1.37 per share, to shareholders since reinstating distributions in the third quarter of 2019. Cash distributions paid since inception total approximately \$189.7 million, equating to approximately \$6.19 per share.
-  The Trust has continued to actively and professionally manage its portfolio, including originating 9 new loans since 2020 for a total commitment of over \$70 million. Importantly, 8 of these new loans funded new phases of projects for which the Trust has existing loans in its portfolio. These new loans are expected to accelerate the performance of the existing project loans.

Shareholders have the opportunity to ensure the UDF IV Board can continue its work to protect and enhance shareholder value by reelecting the Board's four independent Trustees — Steven J. Finkle, Lawrence S. Jones, J. Heath Malone and Phillip K. Marshall — on the enclosed WHITE proxy card.

The Annual Meeting is rapidly approaching. We urge you to vote TODAY in order to prevent NexPoint from succeeding in a nefarious campaign that we believe is intended to enrich NexPoint at your expense.

Thank you again for your continued support.

Sincerely,
The UDF IV Board of Trustees

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

**Innisfree
M&A Incorporated**

Shareholders may call:

1 (877) 750-9496
(toll-free from the U.S. and Canada)
+1 (412) 232 3651
(from other countries)

About United Development Funding IV

United Development Funding IV is a Maryland real estate investment trust. UDF IV was formed primarily to generate current interest income by investing in secured loans and producing profits from investments in residential real estate. Additional information about UDF IV can be found on its website at www.udfiv.com. UDF IV may disseminate important information regarding its operations, including financial information, through social media platforms such as Twitter, Facebook and LinkedIn.

Forward-Looking Statements

This letter contains forward-looking statements relating to, among other things, the actions of the UDF IV Board of Trustees, expectations regarding performance of the UDF IV loans, the continued actions of the current UDF IV Board and the potential future of UDF IV under NexPoint's control. 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 letter including, among others, changes in general economic conditions in the real estate market and the credit market and changes in interest rates, and the results of the trustee elections at the Annual Meeting. Accordingly, readers are cautioned not to place undue reliance on these forward-looking statements, which speak only as of the date of this letter. UDF IV undertakes no obligation to update its forward-looking statements, whether as a result of new information, future events or otherwise.

- [NXDT Form 10-Q for the quarterly period ended September 30, 2024](#)
- [NXDT Form 10-K for the fiscal year ended December 31, 2023](#)