

UNITED DEVELOPMENT FUNDING IV (UDF IV) SHAREHOLDERS:

DO NOT BE FOOLED BY UDF IV'S MISLEADING CLAIMS

Vote for NexPoint's Nominees to Protect Your Interests and Maximize Value in Your UDF IV Investment

Dear Fellow UDF IV Shareholders,

UDF IV and the current Board of Trustees continue to spread misleading claims about NexPoint and our nominees to distract from its own failures and keep you in the dark.

Shareholders deserve to know the truth:

- 1) UDF IV has consistently failed to deliver value for shareholders.**
- 2) UDF IV has no clear plan to improve shareholder value—and the status quo only stands to harm shareholders while continuing to enrich the current Trustees and management.**
- 3) NexPoint's legal efforts have yielded positive outcomes for all UDF IV shareholders, with the possibility of greater benefits to come.**
- 4) NexPoint's tender offers were extended to push UDF IV to provide transparency at a time when the Company refused to provide any.**
- 5) NexPoint funds are managed professionally, transparently, and for the benefit of shareholders—unlike UDF IV, which is delisted, deregistered, and last traded at a steep discount.**
- 6) UDF IV has a well-documented history of criminal and fraudulent behavior under the current Board.**

NEXPOINT WANTS YOU TO KNOW THE FACTS

The following provides a summary of misleading and false statements that UDF IV has made about NexPoint and responses that include the **true facts** about NexPoint's intentions and track record.

THE FACTS ABOUT UDF IV AND NEXPOINT'S INTENTIONS

1) UDF IV CLAIMS:

“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.”

THE FACTS:

Generating no profit, spending exorbitant amounts on G&A, and returning your investment as a “cash distribution” is **not** delivering value to shareholders. The current Board has had years to turn around UDF IV and has failed to deliver on any value enhancing measures.

2) UDF IV CLAIMS:

“NexPoint has provided no substantive plan to enhance shareholder value.”

THE FACTS:

UDF IV criticizes NexPoint for not providing a “substantive plan,” but they haven’t offered shareholders a plan either—for **years**. The Board’s lack of transparency over the course of nearly a decade makes it impossible for any outside party to create a detailed plan. That said, if elected, NexPoint expects the Board to focus on liquidity options (such as re-registering/relisting or a shareholder-approved merger with a public company), clawing back improper advancements to the Advisor and management, enforcing loan documents (rather than extending defaulted loans), and diversifying beyond a single borrower, who holds 98.27% of unaffiliated loans.

3) UDF IV CLAIMS:

“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.”

THE FACTS:

NexPoint took legal action after UDF IV falsely accused it of criminal activity with Kyle Bass, presenting no evidence for that claim. Despite seven years of litigation with Bass, UDF IV presented no proof – because there is none. UDF IV later voluntarily dismissed all claims against Bass, making the Company’s accusations about NexPoint’s involvement even more absurd.

NexPoint filed a suit that resulted in UDF IV being ordered to hold an annual meeting at which all independent trustees will stand for election for the first time in nine years.

NexPoint sued the external Advisor and its principals—**not** UDF IV—to recover the millions of dollars advanced for the SEC disgorgement penalty and legal fees from management’s criminal trial.

UDF IV is actually the one wasting shareholder resources by **continuing to enrich the jailed executives** and fighting NexPoint in our efforts to enforce basic shareholder rights.

4) UDF IV CLAIMS:

“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.”

THE FACTS:

Shares traded at \$1.40 on the last day of pink sheet trading, the day before deregistration, which further reduced liquidity. More importantly, NexPoint couldn’t purchase shares at any price because the Trust lowered ownership limits to 5%. NexPoint continued the tender to push for financial transparency and connect with fellow shareholders. Today, UDF IV shares trade only on the secondary market through specialized exchanges. Earlier this month, UDF IV shares traded on one exchange for **\$1.25 per share.**

5) UDF IV CLAIMS:

“How has NexPoint managed its own fund?”

THE FACTS:

UDF IV criticizes NXDT because its shares are traded on the NYSE at a discount to book value, but unlike UDF IV, NXDT remains listed and has an 18-year dividend history, with \$0.60 per share distributed over the last four quarters. Meanwhile, UDF IV has distributed \$0.325 per share over the same period. It’s impossible to compare UDF IV’s book value to stock price since it’s been delisted and deregistered but based upon the last available book value, UDF IV’s shares traded at an **85% discount**—if shareholders were even able to sell.

6) UDF IV CLAIMS:

“Affiliates of James Dondero, NexPoint’s founder, have engaged in willful misconduct,” and “Dondero and his affiliates are alleged to have engaged in fraudulent transfer of assets and self-dealing.”

THE FACTS:

The legal matters highlighted date back to the 2008 financial crisis and/or legacy businesses that are unrelated to NexPoint’s business today, and many have been resolved or are in the process of resolution.

By comparison, UDF IV’s legal track record includes the following:

- **The UDF IV management team was convicted of conspiracy to commit wire fraud, conspiracy to commit securities fraud, and securities fraud, and sentenced to a combined 20+ years in prison.**
- In 2016, a UDF IV shareholder filed a derivative suit against the Company alleging UDF IV operated a Ponzi-like scheme and engaged in self-interested transactions. UDF IV settled the claims in 2018 by paying \$1.5 million and agreeing to safeguards against improper conduct.
- The 2018 SEC enforcement action against UDF IV and its management was breached in just 12 days when the Company failed to resume quarterly filings, and the management team caused the Company to pay their disgorgement penalties of \$7.2 million.
- In 2020, the SEC found that UDF IV’s Independent Trustee and Audit Committee member Phillip Marshall violated the Securities Exchange Act of 1934 while serving as CFO of the parent company of “gentlemen’s club” Rick’s Cabaret and ordered him to pay a civil penalty.
- The SEC noted **UDF IV’s “violations are serious, recurrent, and show a high degree of culpability.”**
- In 2020, Megatel Homes sued UDF IV alleging RICO violations, mail fraud, and wire fraud.

NEXPOINT'S NOMINEES

HIGHLY QUALIFIED TRUSTEE CANDIDATES

As one of the largest shareholders, NexPoint has nominated four candidates to the UDF IV Board. (You can read more about NexPoint's nominees and their relevant professional backgrounds and experience at: udfaccountability.com/nominees/)



Paul Broaddus



Edward Constantino



John Good



Julie Silcock

- **To enact change and replace the current trustees, disregard UDF IV's white proxy materials and vote FOR NexPoint's nominees using the GREEN proxy card.**

See below for voting instructions and other important information.

UDF IV SHAREHOLDER RESOURCES

VOTING INFORMATION

Shareholders can vote TODAY to replace the current Trustees using the GREEN proxy materials. If you have already submitted a white proxy card, it's not too late to change your vote. For detailed voting instructions, visit: www.udfaccountability.com/voting-information/

QUESTIONS/VOTING ASSISTANCE

For assistance submitting your vote, locating your control number, or voting through your brokerage account, contact Okapi Partners.

EMAIL info@okapipartners.com

PHONE (877) 869-0171

For detailed voting instructions, visit:

www.udfaccountability.com/voting-information/

COMMON VOTING QUESTIONS

Can I change my vote?

- **YES.** Shareholders who already voted with management can certainly change their vote to support NexPoint.

To change your vote and support NexPoint's nominees you need your GREEN control number. If you already received the GREEN proxy information, either electronically or by mail, you can simply use those materials to vote on our card. Only the latest dated vote will count at the end of the day.

If you would like to switch your vote but have not received the GREEN proxy information (this will apply to shareholders who own fewer than 1,000 shares), please contact your broker and request that your broker provide your control number for the GREEN proxy.

If you already have a green proxy card or a green control number, you do not need to request a new one. That green control number will remain the same for an individual throughout the entirety of the campaign.

I haven't received a GREEN proxy card. How can I obtain one?

- Most likely, this means you hold fewer than 1,000 shares. Shareholders with fewer than 1,000 shares need to request the GREEN proxy control number from your broker. In most instances, this can be done by calling your broker's customer service line or by submitting a service ticket within your brokerage account.

For more FAQs visit www.udfaccountability.com/faqs

IMPORTANT INFORMATION

NexPoint Real Estate Opportunities, LLC ("NexPoint") has delivered a proxy statement with respect to its solicitation of proxies for nominees to be elected to the United Development Funding IV ("UDF IV") Board of Trustees at the Annual Meeting of Shareholders of UDF IV. The date for the Annual Meeting has not yet been set at this time.

INVESTORS AND SECURITY HOLDERS ARE URGED TO READ THE NEXPOINT PROXY STATEMENT (INCLUDING ANY AMENDMENTS OR SUPPLEMENTS THERETO) IN ITS ENTIRETY AS IT CONTAINS IMPORTANT INFORMATION ABOUT THE PROXY SOLICITATION.

Copies of the documents are available free of charge from NexPoint by accessing the website www.udfaccountability.com.

NexPoint, its affiliates, their directors and executive officers and other members of management and employees may be participants (collectively "Participants") in the solicitation of proxies by NexPoint. Information about NexPoint's nominees to the UDF IV Board of Trustees and information regarding the direct or indirect interests in UDF IV, by security holdings or otherwise, of NexPoint, the other Participants and NexPoint's nominees will be available in the proxy statement. NexPoint's disclosure of any security holdings will be based on information made available to NexPoint by such Participants and nominees. UDF IV is no longer subject to the reporting requirements of the Securities Exchange Act of 1934, as amended. Consequently, NexPoint's knowledge of significant security holders of UDF IV and as to UDF IV itself is limited.