NexPoint Real Estate Strategies Fund
Deal Summary: Crossings at Ridgewood

Who We Are

NexPoint Real Estate Strategies Fund (the "Fund" or "NRESF") is a continuously offered, non-diversified, closed-end management investment company. The Fund operates as an interval fund, which is a type of closed-end fund, and is sponsored by NexPoint, a leading alternative investment advisor. NexPoint is part of a $9.9 billion dollar investment platform, and manages a suite of products that provide access to differentiated investment opportunities.[1]

The Advisor's management team has extensive real estate experience, having completed over $7.5 billion of real estate acquisitions since 2012.[2] In April 2015, an affiliate of the Advisor completed a public listing of its $1B value-add multifamily portfolio under the ticker symbol "NXRT" on the New York Stock Exchange.

Investment Overview

The Crossings at Ridgewood Apartments (the "Property"), constructed in 1976 (renovated in 2006) consists of 432 multifamily units and is situated on 29.4 acres in Jackson, Mississippi. A third-party, unaffiliated Sponsor purchased the Property using a $19,320,000 first mortgage loan, a preferred investment of $5,056,506 from NexPoint affiliated REITs, and NexPoint Real Estate Strategies Fund ("NRESF"), collectively ("NREA"), for approximately 81% and 19%, respectively, as well as approximately $2,800,000 of the Sponsor's common equity. The first mortgage loan plus the total NREA preferred equity investment combine for approximately 90% of the total capital closing.

1. As of June 30, 2019; inclusive of NexPoint and affiliates.
2. Real estate assets as of July 31, 2019; inclusive of affiliates.
3. The Total Preferred Equity Coupon includes the monthly Current Preferred Equity Coupon, plus the Accrued Preferred Equity Coupon, which accrues but is not paid until maturity and/or a capital event.

Location:	Jackson, MS
Property Type:	Class B - Multifamily
Number of Units:	432
Year Built:	1976
Rentable Square Feet:	420,800
Occupancy (3/31/2019):	89.6%
Investment Date:	3/22/19
Appraised Value (Sept. 2017):	$27,600,000
Appraised Value Per Unit:	$63,889
Avg Price Per Unit (Comps):	$71,333
Avg Rent Per Unit:	$740
Avg Rent Per Unit (Comps):	$782

First Mortage Debt:	$19,320,000
Sponsor Equity Investment:	$2,800,474
NRESF-Affiliated REITs:	$4,079,181
NRESF Preferred Investment:	$977,325
Leverage with NREA Preferred:	89.7%

Current Preferred Equity Coupon:	8.50%
Accrued Preferred Equity Coupon:	4.00%
Total Preferred Equity Coupon:[2]	**12.50%**

Sales Load

Max Sales Charge: Class A Shares: 5.75%; Class L Shares: 4.25%
Contingent Deferred Sales Charge: Class A & C Shares: 1.00%

Class A shares purchased without an initial sales charge in accounts aggregating $500,000 or more may be subject to a 1.00% contingent deferred sales charge ("CDSC") on shares redeemed during the first 18 months after their purchase. Class C shares are subject to a 1.00% CDSC for redemptions of shares within 18 months after their purchase.

Interval Fund Features

An interval fund is a type of investment company that periodically offers to repurchase its shares from shareholders. That is, the fund periodically offers to buy back a stated portion of its shares from shareholders. Shareholders are not required to accept these offers and sell their shares back to the fund.

Legally, interval funds are classified as closed-end funds, but they are very different from traditional closed-end funds in that:

- Their shares typically do not trade on the secondary market. Instead, their shares are subject to periodic repurchase offers by the fund at a price based on net asset value.
- They are permitted to continuously offer their shares at a priced based on the fund's net asset value.

An interval fund will make periodic repurchase offers to its shareholders, generally every three, six, or twelve months, as disclosed in the fund's prospectus and annual report. The interval fund also will periodically notify its shareholders of the upcoming repurchase dates. When the fund makes a repurchase offer to its shareholders, it will specify a date by which shareholders must accept the repurchase offer. The actual repurchase will occur at a later, specified date.

– Best suited for long-term investors who don't need access to their principal for longer periods of time

– Assets and investment strategies with longer holding periods

– No performance based fees*

– Unique access to institutional-grade debt/equity

*An investment in the fund is subject to fees & expenses. Please refer to the prospectus for a complete list of fees & expenses.

Past performance is not a guarantee of future results, and there can be no assurance that the Company will achieve comparable results of those NexPoint affiliates.

Before investing in the Fund, you should carefully consider the Fund's investment objectives, risks, charges and expenses. For a copy of a prospectus which contains this and other information, please visit our website at nexpointres.com or call 877-665-1287. Please read the fund prospectus carefully before investing.

RISK FACTORS

An investment in our common stock involves a high degree of risk and may be considered speculative. You should carefully consider the information found in the "Risk Factors" section of our prospectus before deciding to invest in shares of our common stock. The following are some of the risks an investment in us involves:

- Our investments in prospective portfolio companies are risky, and we could lose all or part of our investment.
- We are a non-diversified investment company within the meaning of the Investment Company Act of 1940, as amended (the "1940 Act"), and therefore we are not limited with respect to the proportion of our investment that may be invested in securities of a single issuer.
- We are a new company and have a limited operating history.
- As a company with no investments, our continuous public offering may be deemed to be a "blind pool" offering. An investor may not have the opportunity to evaluate historical data or assess investments prior to purchasing our shares.
- As required by the 1940 Act, a significant portion of our investment portfolio is recorded at fair value as determined in good faith by our board of directors and, as a result, there is uncertainty as to the value of our portfolio investments.
- Unless we experience substantial net capital appreciation and realized gains, the purchase price in our periodic repurchase offers will be at a price lower than the price paid for your shares.
- The amount of distributions that we pay is uncertain. We may pay distributions from offering proceeds, borrowings or the sale of assets to the extent our cash flow from operations, net investment income or earnings are not sufficient to fund declared distributions. We have not established any limit on the amount of funds we may use from net offering proceeds or borrowings to make distributions. Our distributions may exceed our earnings, particularly during the period before we have substantially invested the net proceeds from this offering. Therefore, portions of the distributions that we pay may represent a return of capital to you for tax purposes that will lower your tax basis in your common stock and reduce the amount of funds we have for investments in targeted assets.
- If we internalize our management functions, your interest in us could be diluted, and we could incur other significant costs associated with being self-managed.
- We may be obligated to pay NexPoint incentive compensation even if we incur a net loss due to a decline in the value of our portfolio.
- There may be conflicts of interest related to obligations that NexPoint and its affiliate's senior management and investment teams have to other clients.
- Our base management and incentive fees may induce NexPoint to make speculative investments or incur leverage.
- The compensation we pay to NexPoint was determined without independent assessment on our behalf, and these terms may be less advantageous to us than if they had been the subject of arm's-length negotiations.
- This is a "best efforts" offering and, if we are unable to raise substantial funds, then we will be more limited in the number and type of investments we may make and the value of your investment in us may be reduced in the event our assets underperform.
- Because there is no public trading market for shares of our common stock and we are not obligated to effectuate a liquidity event by a certain date, it will be difficult for you to sell your shares.
- We will be exposed to risks associated with changes in interest rates. In addition, changes in interest rates may affect our cost of capital and net investment income.
- We expect to borrow money to make investments. As a result, the potential for loss on amounts invested in us will be magnified and may increase the risk of investing in us. Borrowed money may also adversely affect the return on our assets, reduce cash available for distribution to our shareholders, and result in losses.
- We will be subject to corporate-level income tax if we are unable to qualify as a RIC under Subchapter M of the Internal Revenue Code or to satisfy RIC distribution requirements.
- We may have difficulty paying our required distributions if we recognize income before or without receiving cash representing such income.
- The net asset value of our common stock may fluctuate significantly.
- Expenses charged by the fund are subject to expense limitation agreement and certain contributions of capital by the Advisor.
- The Fund is a closed-end investment company structured as an "interval fund" and designed for long-term investors. Unlike many closed-end investment companies, the Fund's shares are not listed on any securities exchange and are not publicly traded. There is currently no secondary market for the shares and the Fund expects that no secondary market will develop. Limited liquidity is provided to shareholders only through the Fund's quarterly repurchase offers for no less than 5% of the shares outstanding at NAV. There is no guarantee that shareholders will be able to sell all of the shares they desire in a quarterly repurchase offer. The Fund's investments are also subject to liquidity risk.