Q1 2023

NEXPOINT

INVESTOR PRESENTATION

Highland Opportunities and Income Fund

JULY 2023

Disclaimers & Cautionary Notes Regarding Forward-Looking Statements

The information herein has been prepared by the Investment Adviser, is based upon unaudited information, and has not been independently audited or verified. This summary is for informational purposes only and is subject to change. This presentation contains information about prior investments made by the Adviser of the Fund. This information was prepared by the Adviser based on its experience in the industry and on assumptions of fact and opinion as to future events which the Adviser believed to be reasonable when made. There can be no assurance that the Adviser and/or the Fund will be as successful as these earlier investments. Prior investment returns are not indicative of future results. It should not be assumed that investment recommendations made in the future will be profitable or will equal the performance of the securities included herein.

Closed-end funds, unlike open-end funds, are not continuously offered. There is a one-time public offering and once issued, shares of closed-end funds are sold in the open market through a stock exchange and frequently trade at prices lower than their net asset value, which may increase an investor's risk of loss. Net Asset Value (NAV) is total assets less total liabilities, which includes preferred shares, divided by the number of common shares outstanding. At the time of sale, your shares may have a market price that is above or below NAV and may be worth more or less than your original investment. For additional information, please contact your investment adviser or visit our website www.highlandfunds.com.

Distributions: If a Fund estimates that it has distributed more than its income and net realized capital gains in the current fiscal year; a portion of its distribution may be a return of capital. A return of capital may occur, for example, when some or all of a shareholder's investment is paid back to the shareholder. A return of capital distribution does not necessarily reflect a Fund's investment performance and should not be confused with "yield" or "income". When distributions exceed total return performance, the difference will reduce the Fund's net asset value per share. Although the character of income will not be determined until the end of the Fund's fiscal year, please refer to the section on the website for Section 19a notices that provide estimated amounts and sources of the fund's distributions, which should not be relied upon for tax reporting purposes. A Form 1099-DIV for the calendar year will be sent to shareholders to illustrate how the Fund's distributions should be reported for federal income tax purposes.

The performance data quoted here represents past performance and is no guarantee of future results. Investment returns and principal value will fluctuate so that an investor's shares, when sold, may be worth more or less than their original cost. Current performance may be lower or higher than the performance data quoted. For performance data current to the most recent month-end, please call 877-665-1287.

RISK CONSIDERATIONS

Before investing in the Fund, you should carefully consider the Fund's investment objectives, risks, charges, and expenses. For a copy of the Fund's annual report which contains this and other information, please visit our website at www.nexpointassetmgmt.com or call 1-877-665-1287. Please read the Fund's annual report carefully before investing.

Credit Risk. The risk that the Fund could lose money if the issuer or guarantor of a fixed income security, or the counterparty of a derivatives contract or repurchase agreement, is unable or unwilling (or is perceived to be unable or unwilling) to make a timely payment of principal and/ or interest, or to otherwise honor its obligations. Currency Risk. The risk that the values of foreign investments may be affected by changes in the currency rates or exchange control regulations. Debt Securities Risk. The Fund's ability to invest in high-yield debt securities generally subjects the Fund to greater risk than securities with higher ratings. Loans may not be considered 'securities' for purposes of the anti-fraud provisions under the federal securities laws and, as a result, as a purchaser of these instruments, a Fund may not be entitled to the anti-fraud protections of the federal securities laws. Derivatives Risk. Derivatives, such as futures and options, are subject to the risk that changes in the value of a derivative may not correlate perfectly with the underlying asset, rate, or index. Derivatives also expose the Fund to the credit risk of the derivative counterparty. Derivative contracts may expire worthless, and the use of derivatives may result in losses to the Fund. Liquidity Risk. The risk that, due to low trading volume, lack of a market maker, large position size, or legal restrictions (including daily price fluctuation limits or "circuit breakers"), the Fund may not be able to sell particular securities or unwinding derivative positions at desirable prices. Because loan transactions often take longer to settle than transactions in other securities, the Fund may not receive the proceeds from the sale of a loan for a significant period of time. No assurance can be given that the Fund will have sufficient liquidity for distributions. Non-Diversification Risk. As a non-diversified fund, the Fund may invest a larger portion of its assets in the securities of one or a few issuers than a diversified fund. Non-Payment Risk. Senior Loans, like other corporate debt obligations, are subject to the risk of non-payment of scheduled interest and/or principal. Non-payment would result in a reduction of income to the Fund, a reduction in the value of the Senior Loan experiencing non-payment and a potential decrease in the NAV of the Fund. Senior Loans Risk. The risks associated with senior loans are similar to the risks of below investment grade securities in that they are considered speculative. In addition, as with any debt instrument, senior loans are also generally subject to the risk of price declines and to increases in prevailing interest rates. Senior loans are also subject to the risk that, as interest rates rise, the cost of borrowing increases, which may also increase the risk and rate of default. In addition, the interest rates of floating rate loans typically only adjust to changes in short-term interest rates; long-term interest rates can vary dramatically from short-term interest rates. Therefore, senior loans may not mitigate price declines in a rising long-term interest rate environment. Short Sales Risk. The risk of short sales theoretically involves unlimited loss potential since the market price of securities sold short may continuously increase. Real Estate Investment Trust Risk. Real estate investments are subject to various risk factors. Generally, real estate investments could be adversely affected by a recession or general economic downturn where the properties are located. Real estate investment performance is also subject to the success that a particular property manager has in managing the property. Real Estate Market Risk. The Fund is exposed to economic, market and regulatory changes that impact the real estate market generally through its investment in NFRO REIT Sub, LLC, NFRO REIT Sub II, LLC, and NFRO SFR REIT, LLC (together the "REIT Subsidiaries"), which may cause the Fund's operating results to suffer. A number of factors may prevent the REIT Subsidiaries' properties and other real estate-related investments from generating sufficient net cash flow or may adversely affect their value, or both, resulting in less cash available for distribution, or a loss, to us. These factors include: national, regional, and local economic conditions; changing demographics; the ability of property managers to provide capable management and adequate maintenance; the quality of a property's construction and design; increases in costs of maintenance, insurance, and operations (including energy costs and real estate taxes); potential environmental and other legal liabilities; the level of financing used by each REIT Subsidiary and the availability and cost of refinancing; potential instability, default or bankruptcy of tenants in the properties owned by each REIT Subsidiary; the relative illiquidity of real estate investments in general, which may make it difficult to sell a property at an attractive price or within a reasonable time frame.

Selected Financial Highlights
Quarter Ended March 31, 2023

Balance Sheet Highlights[1]	1Q 2023	4Q 2022	3Q 2022	2Q 2022	1Q 2022
Investment Portfolio at Fair Value	$1,070	$1,067	$1,067	$1,180	$1,072
Total Debt Outstanding[2]	$159	$162	$140	$140	$140
Total Net Assets	$936	$946	$1,011	$1,048	$1,025
Debt-to-Equity Ratio	0.17x	0.17x	0.14x	0.13x	0.14x
Net Debt-to-Equity	0.16x	0.14x	0.03x	0.12x	0.06x
Income Statement Highlights[1]					
Total Investment Income	$24.7	$10.3	$32.4	$52.0	$10.8
Net Investment Income	$21.3	$6.9	$29.0	$48.7	$7.5
Net Realized Gains/(Losses)	$2.5	($7.8)	($12.8)	$77.0	$79.4
Net Unrealized Appreciation/(Depreciation)	($16.6)	$28.9	($111.9)	($70.3)	($35.9)
Total Increase in net assets resulting from operations	$5.2	$26.0	($97.7)	$53.3	$49.1
Per-Share Data					
Net Asset Value per Share	$13.74	$13.89	$14.86	$15.41	$15.06
Net Investment Income per Share (Basic and Diluted)	$0.31	$0.10	$0.43	$0.72	$0.11
Total Increase in net assets resulting from operations per share (Basic and Diluted)	$0.08	$0.38	($1.44)	$0.79	$0.72
Distributions per share	$0.23	$0.23	$0.23	$0.23	$0.23

1. All numbers are in millions, except for per share data.
2. Includes mezzanine equity of approximately $139.8M.

Summary Portfolio Characteristics
Quarter Ended March 31, 2023

PORTFOLIO COMPOSITION

- As of March 31, 2023, the Fund's gross assets totaled $1.07 billion.
- The Fund's long assets were approximately 73% commercial real estate (debt & equity) and 27% non-real estate-related assets invested across debt securities, public and private equity, and structured products.
- The Fund held 106 positions with the top-ten holdings comprising 62% of the long-only assets.
- The Fund paid $0.23 in distributions during the quarter for a distribution rate of approximately 6.7% of NAV.

Jim Dondero, CFA
Co-Founder, President,

Scott Johnson
Portfolio Manager

GENERAL INFORMATION

Ticker	HFRO
CUSIP	43010E404
Inception Date	January 13, 2000
Expense Ratio	1.67[1]
Total Managed Assets (M)	$1,070
Total Net Assets (M)	$936

PORTFOLIO CHARACTERISTICS

Number of Holdings	106
Monthly Distribution Rate Per Share	$0.077
Distribution Rate (Price)	10.5%
Distribution Rate (NAV)	6.7%
Regulatory Leverage (M)	$164
Leverage Percentage	14.9%

*Distributions may include income and/or return of capital.

1. The Expense Ratio shown is reported in the Fund's Annual Report Dated December 31, 2022.

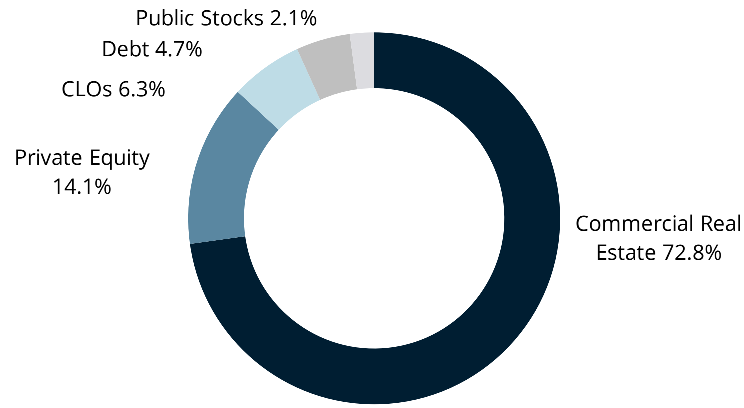
Aggregate Portfolio Characteristics

Quarter Ended March 31, 2023

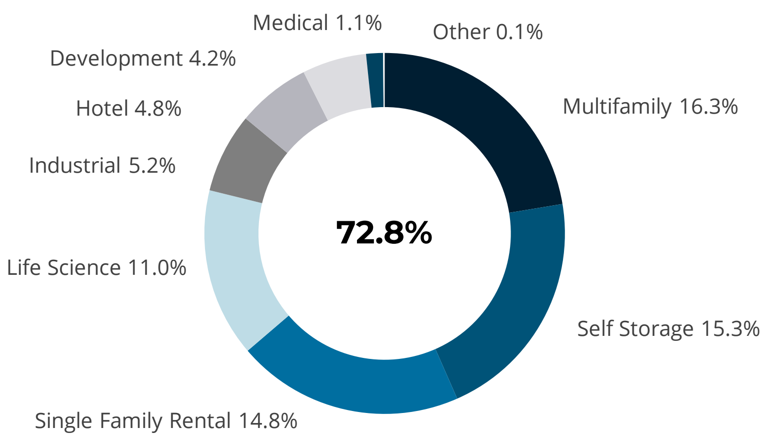
PORTFOLIO COMPOSITION

- As of March 31, 2023, the Fund's assets totaled $1.07 billion.
- The Fund's long assets were approximately 73% commercial real estate (debt & equity) and 27% non-real estate related assets invested across debt securities, public and private equity, and structured products.
- The real estate assets by type were approximately 36% private equity, 25% debt, and 12% public equity securities.
- The real estate assets were comprised of Multifamily (16%), Self Storage (15%), Single Family Rental (15%), Life Science (11%), and the balance in industrial, hotel, development, and medical.

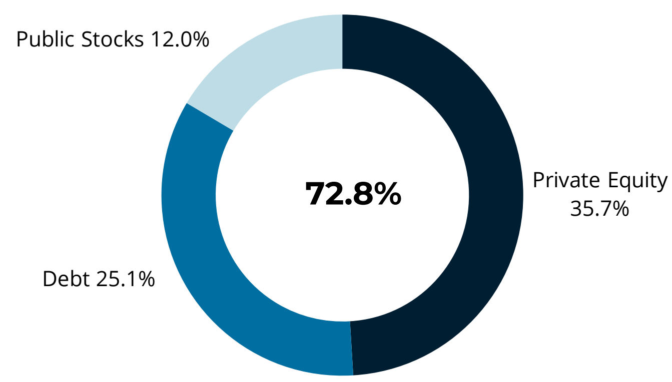
ASSET CLASS
(% OF LONG ASSETS)



REAL ESTATE COMPOSITION
(% OF LONG ASSETS)



REAL ESTATE BY ASSET TYPE
(% OF LONG ASSETS)



Top Holdings
Quarter Ended March 31, 2023

Investment	Equity	Debt	Preferred	Total
NexPoint Storage Partners	15.1%	-	-	**15.1%**
NexPoint Homes	5.8%	6.0%	-	**11.8%**
NexPoint Real Estate Finance	6.4%	0.6%	0.3%	**7.3%**
EDS Legacy Partners	-	5.6%	-	**5.6%**
IQHQ	5.2%	-	-	**5.2%**
NexPoint Hospitality Trust	-	4.2%	-	**4.2%**
QuarterNorth Energy	3.6%	0.6%	-	**4.2%**
CCS Medical	2.1%	1.5%	-	**3.6%**
Freddie Mac 21K-F103 CS FRN	-	3.0%	-	**3.0**
Easton Village Ventures	2.6%	-	-	**2.6%**
Total	**40.8%**	**21.5%**	**0.3%**	**62.5%**

Top holdings are as a percentage of long-only market value.

NexPoint Storage Partners

Top 10 Exposures

INVESTMENT BACKGROUND

In November 2020, NexPoint participated in the take-private transaction of Jernigan Capital (formerly NYSE: JCAP) in a $900 million transaction. The company rebranded as NexPoint Storage Partners, Inc. (“NSP”). JCAP operated as a hybrid mortgage-equity REIT, providing construction financing to self-storage developers while retaining an equity interest and right of first refusal to acquire each facility it financed. JCAP/NSP has successfully acquired most of the self-storage facilities that JCAP financed and continues to seek investments in newly built, multi-story, climate-controlled, Class-A self-storage facilities located in dense and growing markets, which we refer to as GenV facilities. **All assets are managed by Extra Space Storage**, who also invested $300 million in preferred equity during the JCAP buyout.

INVESTMENT UPDATE

In December 2022, NexPoint Storage Partners acquired all 29 SAFStor properties, of which NexPoint was the majority owner, with the developer’s interest being acquired for cash and NexPoint’s interest being exchanged for additional common equity interests in NSP. Following the SAFStor acquisition, the NSP platform consists of 69 owned GenV facilities plus interests in 3 additional GenV facilities. The aggregate gross asset value is approximately $1.6 billion. In addition, NSP has the right to acquire an additional 20 GenV facilities with a gross asset value of approximately $700 million. With the addition of SAFStor, the NSP platform has the scale to attract financing and raise equity, as it continues to pursue attractive GenV acquisition and development opportunities in some of the best self-storage markets in the world. Storage demand remains strong. With its low operating costs and capital expenditures, and short-term duration leases, management is bullish on this “best of class” platform.

INVESTMENT HIGHLIGHTS

Initial Investment	2016
% of HFRO	15.1%
Investment	$160.6M
Investment Type	Private Equity
Industry	Real Estate – Storage

Top 10 Exposures

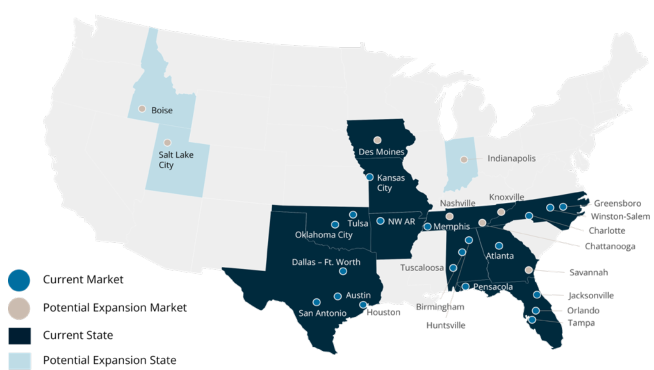
NexPoint Homes

INVESTMENT BACKGROUND

NexPoint Homes Trust, Inc. ("NXHT") is a private real estate investment trust (REIT) formed in 2022 that focuses on acquiring, building, and operating single-family rental ("SFR") homes mostly in the Sunbelt states. NXHT was formed in response to the growing need for expanded access to affordable SFR properties. NXHT focuses on acquiring newer construction homes and partnering with local builders to create "build-for-rent" communities in secondary and tertiary markets. Using a balanced rehabilitation model and carefully studying the Affordability Index of the geographical area, NXHT prices its rentals more affordably, aiming to provide more affordable housing in safe neighborhoods near major employment centers.

INVESTMENT UPDATE

As of March 31, 2023, NXHT owned 2,568 homes with an average purchase price of $274,000 and an average age of approximately seven years. The stabilized portfolio occupancy was 99.4% with an average effective monthly rent of $1,764, up approximately 7%. The portfolio is split 60% SFR and 40% built-for-rent with over 50% of the homes located in Arkansas and Oklahoma.



INVESTMENT HIGHLIGHTS

Initial Investment	2022
% of HFRO	11.8%
Investment	$125.6M
Investment Type	Debt, Private Equity
Industry	Real Estate - SFR

NexPoint Real Estate Finance

INVESTMENT BACKGROUND

NexPoint Real Estate Finance, Inc. is an externally managed commercial mortgage real estate investment trust, with its shares of common stock listed on the New York Stock Exchange under the symbol "NREF." The REIT is primarily focused on investments in real estate sectors where its senior management team has operating expertise, including in the multifamily, single-family rental, self-storage, and life science sectors predominantly in the top 50 metropolitan statistical areas. The REIT targets lending or investing in properties that are stabilized or have a "light transitional" business plan, meaning a property that requires limited deferred funding to support leasing or ramp-up of operations and for which most capital expenditures are for value-add improvements

INVESTMENT UPDATE

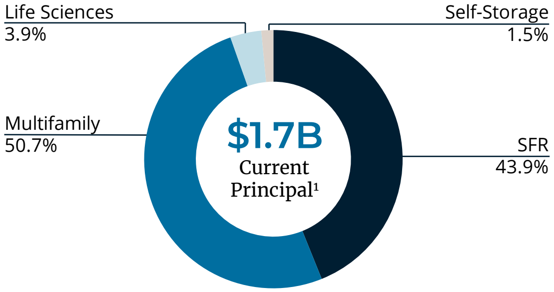
In April, NREF reported its financial results for the quarter ended March 31, 2023. NREF reported net income of $9.4 million, or $0.37 per diluted share[1], for the three months ended March 31, 2023. NREF reported cash available for distribution[2] of $12.4 million, or $0.55 per diluted share[1], for the three months ended March 31, 2023. Matt McGraner, Chief Investment Officer of NREF, said "NREF delivered another quarter of strong earnings while continuing to deploy capital in our core verticals, including workforce housing and life sciences. Our resilient credit portfolio continues to outperform in uncertain economic conditions while maintaining a robust yield profile."

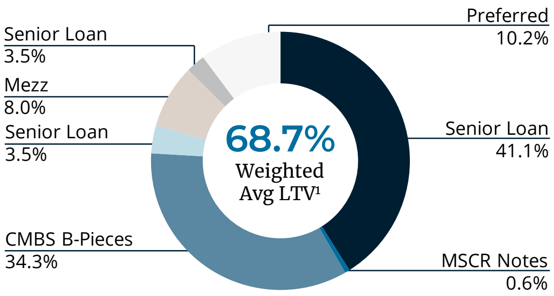
First Quarter 2023 Highlights

- Outstanding total portfolio of $1.7 billion, composed of 88 investments.[3]
- Weighted-average loan to value ("LTV")[4] and debt service coverage ratio ("DSCR") on our SFR, CMBS, CMBS IO strips, preferred, mezzanine, credit risk transfer, and mortgage-backed security investments are 68.7% and 1.90x[3], respectively.
- As of April 26, 2023, there are no loans currently in default or forbearance in our portfolio.

INVESTMENT HIGHLIGHTS

Initial Investment	2020
% of HFRO	7.3%
Investment	$78.1M
Investment Type	Common Stock
Industry	Real Estate - Finance





1. Weighted-average diluted shares outstanding assumes vesting of all outstanding unvested restricted stock units and the conversion of all redeemable noncontrolling interests. 2. Earnings available for distribution and cash available for distribution are non-GAAP measures. For a discussion of why we consider these non-GAAP measures useful and reconciliations of earnings available for distribution and cash available for distribution to net income (loss) attributable to common stockholders, see the "Reconciliations of Non-GAAP Financial Measures" and "Non-GAAP Financial Measures" sections of this release. 3. As of April 26, 2023; CMBS B-Pieces reflected on an unconsolidated basis. 4. Loan to value is generally based on the initial loan amount divided by the as-is appraised value as of the date the loan was originated or by the current principal amount as of the date of the most recent as-is appraised value. For our CMBS B-Pieces, LTV is based on the weighted-average LTV of the underlying loan pool.

Top 10 Exposures

EDS Legacy Partners

INVESTMENT BACKGROUND

EDS Legacy Partners owns the property located at 5400 Legacy Drive in Plano, Texas. The property is situated on 91 acres and includes ~1.6 million square feet of office space. The campus was built in 1992 and previously served as the headquarters of Electronic Data Systems (EDS).

INVESTMENT UPDATE

As of March 31, 2023, the management team was evaluating methods for monetizing or repositioning the asset.

INVESTMENT HIGHLIGHTS

Initial Investment	2016
% of HFRO	5.6%
Investment	$59.6M
Investment Type	Debt, Private Equity
Industry	Real Estate – Office

Top 10 Exposures

IQHQ

INVESTMENT BACKGROUND

IQHQ is a private REIT that acquires, develops, redevelops, and manages life-sciences real estate across several core-markets. The company was founded by Alan Gold, founder of several successful life-sciences and healthcare REITs. IQHQ pursues large format, iconic development, and selective re-development opportunities within live-work-play clusters in the top life science markets in the world, including Boston, San Francisco, and San Diego, as well as Cambridge and London in the U.K. HFRO's investment includes representation on the board. The life science real estate market has levels of supply that are not commensurate to the consistently high levels of demand that the market has experienced for the past few years. The effects of this supply-demand imbalance may be evidenced by the historical performance of the life sciences sector in comparison to the broader REIT market. Life sciences real estate has been constrained in core markets, such as Boston, San Diego, and San Francisco, with high occupancy and increasing tenant demand. This high demand real estate usually lacks price sensitivity resulting from healthy tenant budgets of which rent typically comprises a very small portion.

INVESTMENT UPDATE

IQHQ acquired two additional sites in 2022. The Company has expanded its footprint to include 4 districts in Boston (3.7M SF), 3 districts in the Bay Area (3.9M SF), 2 districts in San Diego (2.6M SF), and 1 district in UK (135K SF). In April 2021, IQHQ began construction on its $1 billion Fenway Center Life Sciences Campus, located in Boston, Massachusetts. The project features three key components: a 22-story high-rise building, a 12-story mid-rise building, and a shared-use automated parking garage totaling 1M square feet. The project is expected to be completed by 2025.

INVESTMENT HIGHLIGHTS

Initial Investment	2020
% of HFRO	5.2%
Investment	$55.6M
Investment Type	Private Equity
Industry	Real Estate – Life Science

NexPoint Hospitality Trust

INVESTMENT BACKGROUND

NexPoint Hospitality Trust is a publicly traded real estate investment trust, with its units listed on the TSX Venture Exchange under the ticker NHT.U. NHT is focused on acquiring, owning and operating well-located hospitality properties in the United States that offer a high current yield and in many cases are underperforming assets with the potential to increase in value through investments in capital improvements, brand repositioning, revenue enhancements, or operational improvements. NHT owns 10 branded properties sponsored by Marriott, Hilton, Hyatt, and Intercontinental Hotels Group, located across the U.S.

INVESTMENT UPDATE

As of March 31, 2023, NHT's Current Portfolio consists of 10 properties, comprised of 1,535 rooms, in the select-service, limited-service, and extended-stay hospitality categories. Each property has a long-term franchise agreement with Marriott, Hyatt, Hilton, or InterContinental Hotels Group sponsored brands. NHT believes each property in the portfolio has the opportunity to generate outsized market share improvements and topline increases as leading select-service, limited-service, or extended-stay hotels in their respective submarkets. In addition to organic growth, NHT is expected to realize additional embedded growth from its capital improvement strategy. NHT's hotels are operated pursuant to hotel management agreements between its subsidiaries and Aimbridge Hospitality, LLC.

For the three months ended March 31, 2023, occupancy across the Current Portfolio was 73.3%, ADR was $169.94, and RevPAR was $126.29. For the three months ended March 31, 2022, occupancy across the Current Portfolio was 66.9%, ADR was $149.83, and RevPAR was $100.84. We attribute the increase in occupancy in both periods to the recovery from the COVID-19 pandemic in the business travel sector, as many companies saw employees returning to the office in either a full-time or hybrid model across the United States. As of March 31, 2023, NHT had total assets of $308.9m, which included cash of $4.6m, restricted cash of $7.8m and net property and equipment of $150.4m. NHT had accounts payable and other accrued liabilities of $28.2m, indebtedness, net of $130.1m, notes issued to affiliates of $82.7m, redeemable Class B Units valued at $0.2m and unitholders' deficit of -$3.0m.

INVESTMENT HIGHLIGHTS

Initial Investment	2020
% of HFRO	4.2%
Investment	$44.6M
Investment Type	Convertible Debt
Industry	Real Estate – Hotels

Top 10 Exposures

QuarterNorth Energy

INVESTMENT BACKGROUND

QuarterNorth Energy Holding Inc. ("QNE") is one of the largest independent offshore exploration and production operators in the United States with a diverse footprint spanning the Gulf of Mexico. QNE was formed in August 2021 to purchase certain oil and natural gas properties from Fieldwood Energy Inc., which filed for bankruptcy in 2020. In managing its business, QNE is focused on optimizing production and increasing reserves in a profitable and prudent manner, while managing cash flows to meet its obligations and investment needs. The company's goal is to grow its production, reserves, and cash flow in a capital efficient manner by pursuing low-risk, high-return projects that organically enhance the value of its deepwater oil and gas assets. The company is based in Houston, Texas.

INVESTMENT UPDATE

During 2022, commodity prices experienced significant improvement due to a confluence of factors that have provided positive developments to the overall pricing environment compared to 2021. Consequently, QNE experienced record profits in 2022 and ended the year with negative net debt. Reuters reported in September that QNE is exploring a potential sale that could value the oil and gas producer at more than $2 billion, including debt, according to people familiar with the matter. The company has been working with an investment bank on its strategic options and is soliciting bids from potential buyers, the sources said.

INVESTMENT HIGHLIGHTS

Initial Investment	2018
% of HFRO	4.2%
Investment	$42.8M
Investment Type	Debt, Private Equity
Industry	Energy

CCS Medical

INVESTMENT BACKGROUND

CCS Medical is a leading national distributor of home medical equipment and supplies for patients with chronic conditions, with a focus on diabetes management. The company has an expansive, diversified payor network covering most of the U.S. population. The company is headquartered in Tampa, Florida and has sales associates and distribution centers nationwide. CCS holds pharmacy licenses or permits in all states and is a Medicare Competitive Bid company. CCS is well positioned to compete in the rapidly growing distribution market for continuous glucose monitoring (CGM) diabetes supplies and to capture growth stemming from the secular trend of healthcare moving online and to the home. CCS aims to provide a more integrated experience for chronic care management rather than the typical fragmented care patients living with such conditions face. HFRO's investment includes representation on the board.

INVESTMENT UPDATE

CCS was focused on investing in automation and patient-care optimization initiatives, streamlining medical orders and overall efficiency across the company in 2022. CCS succeeded in standardizing policies for operations and Rx while also implementing key customer-facing capabilities, such as email/text consent for reorders. The standardization of these policies will elevate the patient's experience while also cutting costs at the company level. Additionally, the company announced the launch of a New Gestational Diabetes Management Offering. This new innovative program couples clinical coaching with remote monitoring of blood glucose to address the potential adverse outcomes of uncontrolled gestational diabetes for a mother and her baby. With the launch of this new product, CCS will be able to expand its market reach. Overall, 2022 was a great step forward in CCS's goal to create a streamlined system that makes both the patients' lives easier and the company more profitable. CCS will continue to capitalize on momentum going into 2023 and strive to give their patients the best care possible.

INVESTMENT HIGHLIGHTS

Initial Investment	2018
% of HFRO	3.6%
Investment	$38.2M
Investment Type	Debt, Private Equity
Industry	Healthcare

Top 10 Exposures

Freddie Mac Series K-F103

INVESTMENT BACKGROUND

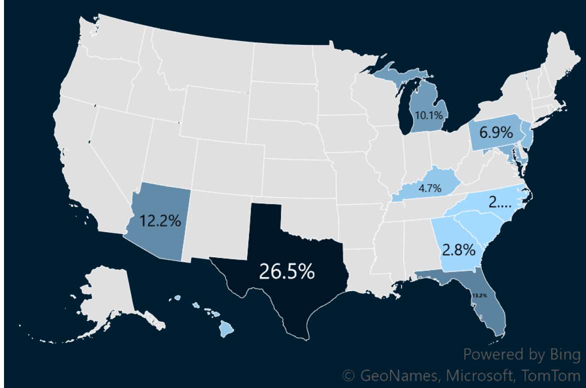
FREMF 2021-KF103 is an Agency-CMBS (Freddie Mac) first-loss tranche collateralized by a stabilized portfolio of multifamily assets. The security was acquired on the secondary market in September of 2022, roughly 18 months post-origination. The Investment floats at SOFR + 6.25%. The investment is backed by stabilized floating-rate multifamily mortgages with great sponsorship. The properties are located in attractive states with Texas, Florida, and Arizona comprising over 52% of the current portfolio.

INVESTMENT UPDATE

The deal continues to perform well and has no delinquencies and maintains a higher DSCR relative to deals of the same vintage. The deal factor has declined to 58%, as nine mortgages have been refinanced out of the pool.

INVESTMENT HIGHLIGHTS

Initial Investment	2022
% of HFRO	3.0%
Investment	$31.6M
Investment Type	Debt
Industry	Real Estate - Multifamily



Easton Village Ventures

INVESTMENT BACKGROUND

Easton Village Ventures, LLC owns 88.5% of the Easton Village apartment complex in Boise, Idaho. The Property consists of 144 market rate, multifamily units within six garden style buildings on 7.47 acres of land with a pool, barbeque area, playground, fireplace, community room, and fitness center. The Property is an infill location with robust community amenities situated just four miles from Boise National Forest, a 2.5-million-acre forest with hiking trails, biking trails, scenic drives, water sports and winter sports. Boise Towne Centre, a 1 2 million square feet mall, is located within 4.8 miles from the Property.

INVESTMENT UPDATE

As of March 31, 2023, the property was 94% leased and had no delinquencies.

INVESTMENT HIGHLIGHTS

Initial Investment	2022
% of HFRO	2.6%
Investment	$27.8M
Investment Type	Private Equity
Industry	Real Estate - Multifamily

Credit Suisse Litigation

INVESTMENT UPDATE

In July 2013, HFRO and another retail affiliated Fund filed claims for fraud and breach of contract against Credit Suisse. The Fund is the beneficiary of approximately 82% of any net proceeds, after attorney's fees and expenses, recovered against Credit Suisse, and the other affiliated account will receive the balance of 18%. The litigation relates to Credit Suisse's fraudulent valuation of real estate assets in which the Fund and the other affiliated account invested. The case is Claymore Holdings LLC v Credit Suisse AG.

Following a bench trial and jury trial, the Court issued its original judgment in favor of Claymore in 2015, which was confirmed by an appellate court in 2018. An appeal of that ruling sent the case to the Texas Supreme Court, which heard the case on January 8, 2020.

On April 24, 2020, the Texas Supreme Court issued an order that affirmed in part and reversed in part the 2018 ruling from the court of appeals. In the April 2020 order, the court upheld the $40 million fraud verdict that resulted from the jury trial; however, it did not uphold the contract damages and equitable relief awarded to Claymore by the trial court following the bench trial.

In its opinion, the Texas Supreme Court noted procedural issues related to the calculation of damages among the reasons for reversing part of the appellate court ruling. It remanded the case to the trial court to determine the appropriate damages calculations and enter a new damages award.

On June 28, 2021, the 134th Judicial District Court issued a judgment against Credit Suisse, awarding $121 million to Claymore, the entity formed to pursue the collective claims on behalf of HFRO and NexPoint Diversified Real Estate Trust.

On February 14, 2023, the Dallas Court of Appeals issued a ruling reducing the judgment to an amount that, including offsets for prior settlement proceeds received by the funds, may result in the two funds recovering zero net dollars on the outstanding judgment. The plaintiff will appeal this to the Texas Supreme Court for interpretation of its prior order.

As legal proceedings are ongoing and all recoveries remain contingent, no award amount has been recorded in the Funds' net asset value at this time.