INPOINT
COMMERCIAL REAL ESTATE INCOME, INC.

Top Reasons to Consider InPoint, a Commercial Mortgage REIT

Commercial real estate (CRE) mortgages, or credit, may be a compelling alternative investment option to support ongoing income needs, specifically during times of market volatility. InPoint Commercial Real Estate Income, Inc. (InPoint) is a commercial mortgage real estate investment trust (REIT) that originates, acquires and manages a diversified portfolio of CRE investments primarily comprised of floating-rate loans.

Strong Demand for Nonbank Lenders – Alternative lenders including REITs and debt funds accounted for 37.7% of the commercial real estate financing market in the fourth quarter of 2021, up from 36% a year earlier. Banks had a market share of 29%, followed by CMBS lenders and life insurers at 18.5% and 14.8%, respectively.[1]

Favorable Investment Environment – An estimated $2.3 trillion of commercial mortgage debt is expected to mature by 2026, creating attractive loan origination opportunities for alternative lenders.[2] Our portfolio managers see more demand than supply, which bodes well for investors.

Established Investment Portfolio – Formed in 2016, InPoint has established a mature CRE credit portfolio comprised of first mortgage and credit loans, backed by income-producing properties across the U.S.

Thorough and Ongoing Loan Investment Process – InPoint's portfolio managers have been involved in more than $100 billion in CRE related transactions, and uses an in-depth, bottom-up fundamental approach when it comes to investing, and believes that alpha generation is key, which is driven by active management, being highly selective in the new issue market and staying nimble.

Lower Correlation Benefits and Opportunity for Diversification – High correlation in a portfolio, especially in volatile markets, may result in unnecessary risk and asset classes behaving alike. CRE credit behaves differently than equity investments and may mitigate negative equity movements and improve risk-adjusted returns. Allocating to CRE credit may help diversify assets, further decrease correlation and minimize risk.

Historical Higher Total Returns with Less Volatility – For more than two decades, CRE mortgages have provided a higher total return with less volatility than the investment grade corporate bond market. From December 31, 1996 through December 31, 2021, the LifeComps Commercial Mortgage Loan Index delivered a 6.64% average annual total return with 3.62% standard deviation, compared to a 5.94% average annual return for the Bloomberg US Corporate Bond Index with 5.45% standard deviation.[3]

Offset Market Volatility – Public equity markets are unpredictable and fixed income markets have been more volatile as of late in anticipation of rising interest rates. Because InPoint's first mortgage loans are floating rate, its value is significantly less impacted by changes in market rates. Because InPoint is not a traded security, its value does not fluctuate with the equity markets. The value of a CRE credit REIT, however, may shift due to changes in interest rates, loan prepayment or other risks associated with this type of product. To potentially minimize portfolio volatility, consider diversifying with CRE credit to hedge against turbulent equity and fixed income markets.

Hedge Rising Rates with Floating Rates – Traditional fixed-income, fixed-rate, fixed-term strategies will likely come under pressure as the Fed hikes rates. Floating-rate CRE credit investments have the ability to raise coupons as rates rise, typically every 30 days.

Access to an Institutional Investment Solution – Wealthy individuals along with institutions such as the Yale University endowment have been investing in alternative investments since the 1970s. Not traditionally available to retail investors until after the financial crisis, assets under management (AUM) allocated to alternative investments is expected to grow from $13.32 trillion at the end of 2021 to $23.21 trillion by 2026, a compound annual growth rate of 11.7%. Endowments and wealthy individuals may have different risk-return strategies than retail investors, including risk tolerance, time horizon and tax status.[4]

When discussing topics such as market volatility, correlation and historical performance, it is important to note that CRE credit, in the form of first mortgages, is not valued daily and may be subject to smoothing bias. As a result, volatility may be understated.

[1]Green Street Commercial Mortgage Alert. February 11, 2022.
[2]Trepp. CRE Loan Growth – Outstanding Debt Reaches $5 Trillion in Q3 2021. Matt Anderson. December 22, 2021.
[3]All data as of December 31, 2021. Past performance is not a guarantee of future results. Benchmarks shown are for illustrative purposes only. An investment cannot be made directly in an Index. InPoint's performance may be lower or higher and differ substantially than the indices shown. CRE first mortgages are represented by the LifeComps Commercial Mortgage Loan Index which measures actual private commercial mortgage market loan cash flow and performance data collected quarterly from participating life insurance companies since 1996. Commercial mortgages may be subject to default risk. Investment Grade Corporate Bonds are represented by the Bloomberg US Aggregate Bond Index, which measures the U.S. investment-grade government and corporate bonds. Corporate bonds may be subject to default and interest rate risk.
[4]Preqin. Alternatives in 2022. January 12, 2022.
All data available upon request.

Risk Factors

Investments in commercial real estate (CRE) credit and related securities (e.g., CMBS) are subject to the risks typically associated with the CRE underlying the investment, which include, but are not limited to: market risks such as local property supply and demand conditions; tenants' inability to pay rent; tenant turnover; inflation and other increases in operating costs; adverse changes in laws and regulations; relative illiquidity of real estate investments; changing market demographics; acts of nature such as earthquakes, floods or other uninsured losses; interest rate fluctuations; and availability of financing.

Investing in our common stock involves a high degree of risk. You should purchase these securities only if you can afford the complete loss of your investment. You should carefully review the "Risk Factors" section of the prospectus for a more detailed discussion. Some of the more significant risks relating to an investment in our shares include:

- This is a "blind pool" offering. You will not have the opportunity to evaluate our future investments before we make them.
- Since there is no public trading market for shares of our common stock, repurchase of shares by us will likely be the only way to dispose of your shares. Our share repurchase plan was suspended by our board of directors on March 24, 2020 because of the effects of the COVID-19 pandemic and was not reinstated for all stockholders until July 1, 2021. Under our share repurchase plan, stockholders who have held their shares at least one year have the opportunity to request that we repurchase their shares on a monthly basis, but we are not obligated to repurchase any shares and may choose to repurchase only some, or even none, of the shares that have been requested to be repurchased in any particular month at our discretion. In addition, repurchases are subject to available liquidity and other significant restrictions. Further, our board of directors may modify, suspend or terminate our share repurchase plan if it deems such action to be in our best interest and the best interest of our stockholders. As a result, our shares should be considered as having only limited liquidity and at times may be illiquid.
- We cannot guarantee that we will make distributions, and if we do, such distributions have been and may again be funded from sources other than earnings and cash flow from operations, including, without limitation, the sale of assets, borrowings, repayment of real estate debt investments, return of capital or offering proceeds, and advances or the deferral of fees and expense reimbursements, and we have no limits on the amounts we may pay from such sources. Our earnings have not covered and may again not cover all of our distributions. The use of sources other than cash flow from operations to pay distributions, the ultimate repayment of any liabilities incurred, and paying distributions that are not covered by earnings could adversely impact our ability to pay distributions in future periods, decrease our NAV, decrease the amount of cash we have available for operations and new investments and adversely impact the value of our stockholders' investments.
- The purchase and repurchase price for shares of our common stock are generally based on our prior month's NAV and are not based on any public trading market. A substantial portion of our assets consists of CRE debt that is valued by our Advisor, with the assistance of the Sub-Advisor, using factors that are periodically validated by an independent third party. The valuation of our investments is inherently subjective, and our NAV may not accurately reflect the actual price at which our investments could be liquidated on any given day.
- We have no employees and are dependent on the Advisor and the Sub-Advisor to conduct our operations. The Advisor and the Sub-Advisor will face conflicts of interest as a result of, among other things, the allocation of investment opportunities among us and Other Sound Point Accounts, the allocation of time of their investment professionals and the substantial fees that we pay to the Advisor and that the Advisor pays to the Sub-Advisor.
- This is a "best efforts" offering. If we are not able to raise a substantial amount of capital on an ongoing basis, our ability to achieve our investment objectives could be adversely affected.
- Principal and interest payments on our borrowings will reduce the amount of funds available for distribution or investment in our targeted assets.
- If we fail to maintain our qualification as a REIT and no relief provisions apply, we will have to pay corporate income tax on our taxable income (which will be determined without regard to the dividends-paid deduction available to REITs) and our NAV and cash available for distribution to our stockholders could materially decrease.
- The COVID-19 pandemic adversely affected the economy and our operations, including causing decreases in the fair value of the collateral underlying our investments, and may have additional adverse effects in the future.
- We own the Renaissance Chicago O'Hare Suites Hotel, and for so long as we own hotels or invest in loans secured by hotels and securities collateralized by hotels, we will be exposed to the unique risks of the hospitality sector, including seasonality, volatility and the severe reduction in occupancy caused by the COVID-19 pandemic.

Forward Looking Statements

This website and other communications by InPoint Commercial Real Estate Income, Inc. or its representatives may contain "forward-looking statements," which are not statements of fact. These statements may be identified by terminology such as "hope, "may," "can," "would," "will," "expect," "intend," "estimate," "anticipate," "plan," "seek," "appear," or "believe." Such statements reflect our current view with respect to future events and are subject to certain risks, uncertainties and assumptions related to numerous factors including, without limitation, risks related to blind pool offerings, best efforts offerings, use of short-term financing, borrower defaults, changing interest rates, the effects of the COVID-19 pandemic, particularly on hospitality and retail properties, including our hotel, and on related mortgage loans and securities, and other factors detailed under Risk Factors in our prospectus, if you are purchasing securities from us, or our most recent Form 10-K and subsequent Form 10-Qs on file with the SEC and available online at www.sec.gov or our website at https://inland-investments.com/inpoint/sec-filings. Although we believe that the expectations reflected in such forward-looking statements are reasonable, we can give no assurance that such expectations will prove to be correct. You should exercise caution when considering forward-looking statements and not place undue reliance on them. Should any one or more of these risks or uncertainties materialize, or should any underlying assumptions prove incorrect, actual results may vary materially from those described on the website. Except as required by federal securities laws, we undertake no obligation to publicly update or revise any forward-looking statements, whether as a result of new information, future events, changed circumstances or any other reason after the date they are first made.

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