

October 9, 2024

Dear Fellow Stockholder:

I am pleased to announce that InPoint Commercial Real Estate Income, Inc. (“we” or “InPoint”) has declared a distribution of \$0.1042 per share for stockholders of record as of September 30, 2024.<sup>1</sup> This distribution, to be paid on or about October 17, 2024, underscores our commitment to providing a high level of current income for our stockholders. Our annualized distribution rate of 7.58 percent, based on InPoint’s aggregate net asset value (NAV) per share as of August 31, 2024<sup>2</sup> remains competitive when compared to 4.87 percent for corporate bonds<sup>3</sup>.

The commercial real estate (CRE) market continues to navigate significant headwinds, despite the recent half-percent rate cut announced by the Federal Reserve on September 18, 2024. Elevated interest rates have created financing challenges for certain borrowers, resulting in a marked decline in CRE transaction volume. This slowdown has made it difficult for those of our borrowers planning to sell properties before the maturity date of their loans. The reduced transaction activity also hampers the refinancing process, as the lack of comparable market sales makes it challenging to establish accurate property valuations. Through these challenging market conditions, we continue to actively manage our portfolio, working closely with our borrowers on modifications or extensions as appropriate.

As interest rates begin to decline and borrowing conditions improve, we anticipate that longer-term CRE investors – those with a five- to 10-year investment horizon – will re-enter the market. Their renewed activity could stimulate transaction volume, providing our borrowers the opportunity to sell their properties or refinance their debt. This, in turn, may lead to an increase in loan payoffs and fewer loan modifications for InPoint.

As of June 30, 2024, InPoint’s portfolio consisted of 33 loans with an outstanding principal balance of approximately \$705 million. Our portfolio is diversified across property types and regions: multifamily properties represent 62 percent of the portfolio, followed by office and industrial properties at approximately 22 percent and eight percent, respectively. Geographically, 39 percent of our investments are in the southeast, with the southwest and west comprising 31 and 16 percent, respectively.

The majority of the loans in InPoint’s portfolio are performing as initially projected, with borrowers meeting their monthly debt service obligations. However, two loans have recently moved into foreclosure status. A senior loan secured by a multifamily property located in Portland, OR with an outstanding balance of approximately \$29.5 million was extended in December 2023 to May 9, 2024, to provide the borrower time to stabilize the rent roll and sell the property. The borrower was unable to sell the property or pay off the loan at maturity, and foreclosure proceedings are expected to conclude this month. A second senior loan was secured by two office properties located in Addison, TX with an outstanding balance of approximately \$24.4 million. The loan has been in default since September 9, 2023, due to failure to pay off at maturity. On July 2, 2024, we foreclosed on the two properties securing the loan, and we intend to hold and manage these properties until market conditions improve and a more attractive opportunity exists to sell.

Despite these two foreclosures, which represent only about 7.6 percent of outstanding loan principal as of June 30, 2024, we remain optimistic about the overall stability of InPoint’s assets. While the challenging CRE market persists for borrowers and lenders, the recent moderation in interest rates, coupled with the expected large volume of loans maturing in the coming quarters, should prompt an increase in borrowing<sup>4</sup>.

As previously disclosed, InPoint remains committed to evaluating strategic alternatives, including, but not limited to merger, listing, or liquidation of InPoint's assets. As market conditions evolve, InPoint's management and board of directors continue to engage in conversations about the potential to execute a strategic alternative with the intent of maximizing stockholder value.

If you have questions about anything discussed here or regarding your InPoint investment, please contact your financial professional or Inland Investor Services at **866-My-Inland** (866-694-6526).

Sincerely,  
INPOINT COMMERCIAL REAL ESTATE INCOME, INC.



Mitchell Sabshon  
Chief Executive Officer

<sup>1</sup> See Form 8-K filed with the Securities and Exchange Commission on September 16, 2024 for a breakdown of the gross and net distributions by share class.

<sup>2</sup> The distributions received by holders of Class D, Class S and Class T common stock will be less than the distribution amounts received by holders of Class I and other classes because the amount of the distributions received by Class D, Class S and Class T holders are net of stockholder servicing fees applicable to these classes. See "Distributions" under the Management's Discussion and Analysis section of our Annual Report on Form 10-K and subsequent Quarterly Reports on Form 10-Q for additional detail regarding the amount of our distributions, including the amount of distributions relative to our cash flows from operating activities.

<sup>3</sup> Moody's Seasoned Aaa Corporate Bond Yield <https://fred.stlouisfed.org/series/DAAA>

<sup>4</sup> MPA. Commercial mortgage lending poised for growth after two-year lull. August 30, 2024.

<https://www.mpamag.com/us/specialty/commercial/commercial-mortgage-lending-poised-for-growth-after-two-year-lull/503633>

**Cautionary Note Regarding Forward-Looking Statements and Distributions**

*Certain statements in this letter constitute "forward-looking statements" within the meaning of Section 27A of the Securities Act and Section 21E of the Securities Exchange Act of 1934, as amended (the "Exchange Act"). Words such as "may," "could," "should," "expect," "intend," "plan," "goal," "seek," "anticipate," "believe," "estimate," "predict," "variables," "potential," "continue," "expand," "maintain," "create," "strategies," "likely," "will," "would" and variations of these terms and similar expressions indicate forward-looking statements. These forward-looking statements reflect the intent, belief or current expectations of our management based on their knowledge and understanding of the business and industry, the economy and other future conditions. These statements are not factual or guarantees of future performance, and we caution stockholders not to place undue reliance on them. Actual results may differ materially from those expressed or forecasted in forward-looking statements due to a variety of risks, uncertainties and other factors, including but not limited to risks related to blind pool offerings, best efforts offerings, use of short-term financing, borrower defaults, changing interest rates, and other risks detailed in the Risk Factors section in our most recent Annual Report on Form 10-K and subsequent Quarterly Reports on Form 10-Q as filed with the Securities and Exchange Commission and made available on our website. Forward-looking statements reflect our management's view only as of the date of this letter and may ultimately prove to be incorrect. We undertake no obligation to update or revise forward-looking statements to reflect changed assumptions, the occurrence of unanticipated events or changes to future operating results except as required by applicable law. We intend for these forward-looking statements to be covered by the applicable safe harbor provisions created by Section 27A of the Securities Act and Section 21E of the Exchange Act.*

*InPoint cannot guarantee that it will make distributions. Past distributions have not been covered by InPoint's earnings and have been and may again be funded from sources other than cash flows from operating activities. The distributions received by holders of Class D, Class S and Class T common stock will be less than the gross distribution amounts received by holders of other classes of our common stock because the amount of the distributions received by Class D, Class S and Class T holders are net of stockholder servicing fees applicable to these classes, respectively, and the annualized rate for these classes will be lower than for the other classes accordingly. Please see our website for the annualized distribution rate for each class of our common stock.*