

Friday, December 31, 2021

**Notification of Distribution Sources
Pursuant to Rule 19a-1 under the Investment Company Act of 1940**

As noted in the table below, NexPoint Diversified Real Estate Trust (the "Fund") is making a distribution payable on December 31, 2021, a portion of which is estimated to be in excess of the Fund's current and accumulated undistributed net income. As of December 31, 2021, the estimated sources of this distribution were as follows:

Distribution Date	December 31, 2021
Net income for the current or preceding fiscal year, and accumulated undistributed net income:	16.0%
Accumulated undistributed net profits from the sale of securities or other properties:	0.0%
Paid-in surplus or other capital source:	84.0%
Total:	100.0%

The ultimate composition of this distribution may vary from the estimates provided above due to a variety of factors including future income and expenses, and realized gains and losses from the purchase and sale of securities.

Please note that this information is being provided to satisfy certain notice requirements under the Investment Company Act of 1940 and is not intended for tax reporting purposes. Tax reporting information for shareholders of the Fund will not be available until the end of the Fund's fiscal year and will be reported to you on Form 1099-DIV. **As a result, shareholders should not use the information provided in this notice for tax reporting purposes.** If you have any questions please contact your financial professional.